



Here's One of the Best Canadian Stocks to Buy Right Now

Description

Spin Master Corp ([TSX:TOY](#)) is one of the [best Canadian stocks to buy](#) right now. The company reported a strong fourth quarter and more growth is ahead.

Spin Master is seeing strong growth in its digital games business

Spin Master is a Canadian children's entertainment company. The company creates, designs, manufactures and markets a portfolio of toys, games, entertainment products and properties. Spin Master is best known for the award-winning brands PAW Patrol, Bakugan, Kinetic Sand, Air Hogs, Hatchimals, Rubik's Cube and GUND, and is the licensee of toys for other popular properties.

The company has an established digital presence anchored by the Toca Boca and Sago Mini brands, which combined have more than 30 million monthly active users. With nearly 2,000 employees in 28 offices around the world, Spin Master distributes products in over 100 countries.

Shares of Spin Master rose more than 24% on March 2 and have kept rising ever since. Spin Master has seen strong growth in its digital games business in the past quarter.

The Canadian toy maker's digital game revenue rose more than 400% to US\$31.8 million in the fourth quarter, thanks to the Toca Life World platform.

The app, developed by Swedish app studio Spin Master Toca Boca, allows players to imagine stories for virtual game characters, including children, babies, elders and creatures, and drag characters on the screen with their fingers and have them do activities.

While the app is free to download, Spin Master makes money through in-game purchases and upgrades.

The surge in revenue from digital games, also driven in part by its user base of Sago Mini Kids app subscriptions, was revealed when the company said its revenue grew 3.6% from one year ago for the

three months ended December 31.

The Toronto-based company said quarterly revenue was US\$490.6 million, compared to US\$473.5 million in the fourth quarter of 2019.

Yet its quarterly results also showed a drop in net sales to US\$434.3 million, from US\$441.6 million a year earlier.

Spin Master CFO Mark Segal explained that the drop in sales was due in part to retailers announcing promotions earlier in the fall as well as the company's decision to limit domestic inventory.

Meanwhile, the company will release its feature film *Paw Patrol* in August, expanding the reach of the company's famous children's entertainment franchise and opening up a new revenue stream.

"It's unclear whether there will be a theatrical release for the film or a combination of theatre and video on demand," said Ronnen Harary, cofounder and co-CEO of Spin Master, during a conference call.

A strong pipeline of new product development

Meanwhile, while classic toys and games have been a safe choice in 2020, Harary said consumers will "shift to newness" after the pandemic.

He also said the company is preparing for this change with a strong new product development pipeline and the goal of giving the green light to one to two new properties per year.

[Segal said in a statement](#): "Our solid financial position together with the achievement of our targeted run-rates on key expenses related to our operational improvement initiatives, supports the growth potential of our global platform. As we look to 2021, despite some continuing lockdowns and retail disruptions, 2021 is starting with strong momentum."

For fiscal 2021, analysts expect on average that Spin Master's revenue will rise by 18.3% to \$1.68 and profit by 125.5% to \$1.15 per share. Spin Master is one of the best stocks to buy right now for its strong future growth.

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