



Next Roblox: Why Spin Master Could Skyrocket Further Post-Earnings

Description

Move over **Roblox**!

Spin Master ([TSX:TOY](#)) is fresh off an unbelievable quarter that exhibited strength right across the board. First-quarter profits surged almost 40% and management was confident enough to raise guidance following the spectacular quarter that, I believe, could be a sign of things to come.

The expectation-beating quarter caused shares of Spin Master to rocket to \$47 and change before pulling back modestly to end the day up 5% to \$44.53.

The numbers themselves were truly remarkable, especially the incredible 394% growth in the digital games segment. The latter-day pullback in the stock, I believe, is nothing more than a gift courtesy of an uncertain and easily-rattled Mr. Market, who doesn't seem so willing to reward blowout earnings results these days.

The next Roblox?

It's quite a step to compare a little-known Canadian toymaker like Spin Master to the ultimate metaverse play in **Roblox**. That said, there's no denying the momentum in Spin's digital games segment. It's experiencing incredible growth, thanks in part to pandemic tailwinds, and I think it could have way more room to run, even as pandemic tailwinds fade and it's safe for kids to return to the realm of the physical.

Fellow Fool contributor Chris MacDonald seems to think that Spin Master could be the second coming of Roblox. Given Spin's digital success thus far, I think MacDonald may be on to something.

"In many ways, I think this platform is similar to Roblox's core platform," [MacDonald](#) wrote.

“Spin Master’s ability to transform its IP into usable experiences for its user base is one of the things I like most about this company. And the success Spin Master has had in its digital gaming expansion is impressive.”

I couldn’t agree more.

Spin Master isn’t just your run-of-the-mill toymaker; I view it as more of [an innovative tech company](#) that just so happens to make toys. I’ve noted this numerous times in my prior pieces covering the name.

The company boasts an incredible roster of cherished children’s entertainment brands alongside a rock-solid balance sheet and a pipeline full of compelling products that very well could hatch the next blockbuster success comparable to Hatchimals.

With the company’s latest push into digital games, I think Spin Master stock ought to be rewarded with a much higher multiple than the one it’s currently commanding at just north of 2.1 times sales.

Should you buy Spin Master stock post-earnings?

Spin is in a spot to skyrocket on the back of the imminent economic reopening.

Also, I see digital games continuing to grow at a high triple-digit percentage rate. Spin’s *Sago Mini* digital games boasted 255,000 subscribers, up 70% year over year. While Spin may not have a digital games segment that’s large enough to put it in direct competition with Roblox, Spin is one of the best Canadian stocks out there to give the recent IPO a good run for its money over the next decade.

Could Spin be the next Roblox? It could be. Regardless, Spin is a strong buy here on its incredible results and think the quarter could mark the start of a sustained rally to much higher levels.

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Author

joefrenette

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