



Spin Master (TSX:TOY) Stock Earnings: What to Watch on Wednesday

Description

Key points

- Analysts expect earnings to come in significantly lower than the quarter before.
- **Spin Master** ([TSX:TOY](#)) stock believes sales will continue, recently announcing a venture fund.
- Supply-chain issues have investors worried, but its digital revenue remains significant.

Spin Master, a leading global children's entertainment company, will announce its third-quarter earnings on Wednesday, Nov. 3, after the market closes. This will be followed by a conference call the next morning at 9:30 a.m. ET.

Motley Fool investors will be watching the toy company carefully for signs it can manage the onslaught expected during the holiday season. Through supply-chain issues and several [announcements](#), Spin Master stock will have a lot for investors to watch.

Earnings

For the last four consecutive quarters, Spin Master stock has managed to beat earnings-per-share estimates by analysts, and the last quarter also beat revenue expectations. Total revenue reached US\$390.8 million, up 39% year over year. Adjusted EBITDA was up an insane amount to US\$81.8 million, up 280% year over year!

Sales increased during the quarter, up 27.2% year over year. But digital games was where a huge amount of growth happened, and where Motley Fool investors should pay close [attention](#). Digital games revenue was up a whopping 261.8% year over year and was *not* dependent on supply-chain issues! Hopefully, we'll see something similar when the company reports next week.

Growth

During the last quarter, Spin Master stock announced it made three acquisitions to that date. This included the most recent Originator, a publisher of mobile apps for kids and families. Again, another source of revenue independent of supply-chain demands.

The company also announced earlier last month it would create a \$100 million venture fund to invest in early-stage toy, entertainment, and digital games companies. It launched the announcement by investing in Nordlight, a mobile game development company, and Hoot Reading, an online tutoring service.

Guidance

Motley Fool investors will likely see more growth, even with supply-chain issues persisting. It's clear Spin Master stock has become more focused on the digital sphere, where it can continue creating revenue. Plus, it isn't even the holiday season yet. It's likely the company will continue seeing growth in the near future.

Spin Master stock expects on the TSX today to see gross product sales reach high-single-digit increases compared to 2020 gross product sales. Further, it expects total revenue to [increase](#) in the mid-teens compared to 2020. This is an update from the low double digits announced back in May.

Analysts believe Spin Master stock will see revenue fall quarter over quarter, reaching \$655.12 million when announced. This would still be an increase of 33.5% year over year. Earnings per share are pegged at \$0.25, which would be significantly lower than the quarter before.

Motley Fool investors will be able to watch Spin Master stock on the TSX today when earnings come out Thursday, Nov. 4 after the market closes. Shares are up 46% year to date, trading at a P/E ratio of 28.31.

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