1 Under-the-Radar TSX Stock That Keeps Climbing

Description

The last two years have been great for Motley Fool investors seeking out growth stocks. After the huge fall in March 2020, finding a **TSX** stock that could bounce back was actually pretty easy. But now, it's becoming more and more difficult.

On the one hand, that's a great thing. It means the economy is rebounding, and companies are now stabilizing, even during a pandemic. But for those of us hungry for more growth, you can certainly still find that TSX stock that can deliver.

And in this case, I would absolutely recommend **Spin Master** (TSX:TOY).

Earnings on the way

The reason I want to focus in on this TSX stock is because earnings are upon us once again. We're heading into earnings season, and, frankly, Spin Master has been killing it the last few quarters. During its most recent earnings report, the company saw a 25% year-over-year increase in revenue. Spin Master smashed estimates, with earnings per share at $1.59, up from the estimated $1.16.

And one area that Motley Fool investors should certainly zoom in on is the company's growth in digital games and licensing revenue. And there's an important reason. Many investors worried that even the company's *Paw Patrol: The Movie* wouldn't make as much revenue with cinemas not reaching capacity. Further, they worried that supply-chain problems could lead to empty shelves during the holidays.

But the digital revenue proved worth the investment. The TSX stock saw digital games revenue climb 93.5% year over year, with licensing revenue up 158% as well. The best part? These are areas where revenue is independent on in-store sales.

More to come

That all being said, management remained confident Spin Master would have toys on the shelves for the holidays. The TSX stock created a backlog to ensure shopping would continue during the most important sales event of the year. So Motley Fool investors certainly have that to look forward to.

But it's more than the holidays. During the last quarter, the company announced Spin Master Ventures. This would grow its business through minority investments. The TSX stock initially invests US$100 million into the Venture program and has already used US$2.4 million to invest in Nørdlight Games AB for US$0.6 million and Hoot Reading Inc. for US$1.8 million.

What to expect

I suspect Motley Fool investors should expect even more growth for Spin Master after the holiday season. Analysts during the last quarter were pleasantly surprised by earnings, seeing its situation as improved. Further, they believe the company will likely reach its gross product sales guidance of up to the mid-teens from high single digits.

That being said, some analysts worry the revenue from digital games won't be able to keep up. Further, they worry that marketing may impact revenue a bit. However, even Spin Master admitted its guidance is conservative, causing analysts to increase their guidance for the next quarter.

In the last year, shares of Spin Master are up 67% as of writing. Analysts now give it a target price of about $54. That would give it a potential upside of 20% as of writing. So, this is certainly a TSX stock you can consider for some major growth in 2022 and beyond.

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