



Why Spin Master Stock Jumped 11% on Tuesday

Description

Shares of **Spin Master** ([TSX:TOY](#)) shares jumped 11 on Tuesday after the company reported strong earnings. Spin Master stock saw revenue increase 26.5% year over year, with net [income](#) reaching \$26.5 million, or \$0.25 earnings per share.

What happened?

Spin Master stock saw more strong growth in the most recent quarter, with long-term [growth](#) for 2022 identified by management. Revenue came in at \$620.5 million for the quarter, up 26.5% year over year. Gross profit came in at \$323.3 million, a gross margin of 52.1%. This improvement management stated came from lower closeout sales, digital games and licensing, merchandising revenue and more products.

Earnings for Spin Master stock could have been higher if not for inflation on products and ocean freight. The company saw some improvement from price increases, with gross product sales climbing 20%, and total revenue 30%. This allowed the company to exceed \$2 billion in revenue for the first time.

So what?

Finishing out the year on such a strong note was a great sign to analysts. Several weighed in on Spin Master stock, seeing strength in the company that was much higher than expected. The building up of inventory seemed to help the stock, especially as supply-chain demands weighed heavily. The company came out as one of the strongest retailers. This was great timing as the company's *Paw Patrol: The Movie* came out. Movie-related revenue contributed \$26 million in the third quarter as well.

Analysts revised their outlook, believing the next quarter could be stronger than usual as well. The company continues to have strong free cash flow that continues to grow, priming it for the ability to make further growth opportunities.

Now what?

One of those growth opportunities came out on Monday, with Spin Master stock announcing a four-year renewal of its DC Super Heroes licensing agreement. The company will now [renew](#) the licence of 2019-2022 to 2023-2026.

Again, this is more great timing with the new release of *The Batman* coming out this week. Analysts believe the stock will continue to see benefit from this strong product mix, including from stellar digital sales.

Shares are up 7% from close on Monday. Analysts give Spin Master stock a target price of \$57. This represents a potential upside of 19% as of writing.

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