Forget the Stocks Everyone Always Talks About: Here Are 3 That Quietly Generate Shareholder Value

Description

In the everyday noise that is the market, there are some stocks that investors keep hearing about. But here are three companies that, while we don't hear much about them, are running great businesses, and investors have been rewarded for owning their stocks.

CCL Industries Inc. (TSX:CCL.B)

CCL Industries is a strong business that generates healthy free cash flows year after year and has regularly raised its dividend over the years. Free cash flow generation for 2014 was $217.9 million, up from free cash flow of $52.3 million in 2009 for a five-year cumulative average growth rate of 33%. The dividend has been raised regularly throughout the company's history from an annual dividend per share of $0.40 in 2005 to an annual dividend of $1.10 in 2014.

The business is still going strong, as can be seen in the company's latest results (Q3 2015), where EPS increased 28%. Furthermore, there seems to be no shortage of future growth opportunities for the company as the company acquired Worldmark Ltd. just last week for $252 million. The acquisition gives CCL a new customer base as Worldmark's revenue is focused on customers in the technology sector.

Stantec Inc. (TSX:STN)(NYSE:STN)

This is a high-quality company with a good track record and a history of prudent capital management, strong ROE, and strong free cash flow generation. In the latest quarter ended September 30, 2015, Stantec reported an 11.3% increase in revenue and a 9.4% increase in EBITDA. While the company saw relative weakness in its energy segment, as expected, its business and infrastructure units experienced strong revenue growth.

With a strong balance sheet and free cash flows ($164 million in the third quarter of 2015, $333 excluding changes in working capital), this one is a good long-term investment.

Hardwoods Distribution Inc. (TSX:HWD)

Hardwoods is benefiting from the recovery in the U.S. housing market as well as from foreign exchange trends that are working in its favour. In the latest quarter, revenue increased 25.2% with organic growth of 8.5%, and gross margins increased to 17.6% from 17.2% last year. Cash from operations, excluding working capital, was $8.9 million this quarter compared to $6.4 million last year, an increase of 40%, and free cash flow was $8.2 million.

The company paid off $7 million of debt this quarter, and the debt-to-equity ratio has declined to 32%. This keeps the company in a good position to execute its strategy of expanding its U.S. market share and to continue to be a consolidator in this highly fragmented market and to make well-timed, strategic acquisitions.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:STN (Stantec Inc.)
2. TSX:CCL.B (CCL Industries)
3. TSX:STN (Stantec Inc.)

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