

## CCL Industries Inc.: A Proven Money Maker for Investors

### Description

Every once in a while, we come across a high-quality company that has all the right ingredients to make it an excellent candidate for long-term investing. **CCL Industries Inc.** ([TSX:CCL.B](#)) is one such company. While the business is not an overly exciting one, its track record of financial success is.

In December, CCL acquired British bank note maker Innovia for \$842 million, making CCL the leader in the fast-growing polymer banknote market. This acquisition follows numerous others, such as the \$500 million acquisition of Avery Dennison in 2013, the world leader for software-driven digital printing solutions.

Here are the reasons investors should consider buying the stock at this time.

### Consolidating a fragmented market

The label market remains a highly fragmented market, so there are plenty of opportunities for consolidation, and CCL is in a good position to continue to be a consolidator. With two major acquisitions under its belt recently, and numerous smaller “tuck-in” acquisitions, the company is well along the way in its quest to expand geographically as well as into different product markets.

### Track record of growing profitably

The company has grown from revenue of \$1.2 billion in 2009 to revenue of \$3.1 billion in 2015, for a cumulative annual growth rate of 16.8%. The corresponding increase in free cash flow has been even more impressive. In 2009, the company generated \$52.3 million in free cash flow, and in 2015 it generated \$303 million for a cumulative average growth rate 34%. During this period, the stock increased from \$30 to its current price of almost \$270 per share.

### History of dividend increases

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 \$2 in 2014.

### Opportunities for future growth

The company continues to pursue high-growth opportunities in new high-value areas like “intelligent” packing, such as radio-frequency identification labels (RFID), which use electromagnetic fields to transfer data and can store information. Labels featuring time/temperature, as well as track and trace, anti-counterfeiting, and tamper-evident features are growth areas.

The company is also expanding deeper into durable goods markets, such as the automotive industry, and entering and expanding into new geographic markets. CCL has entered various joint ventures, including one in Southeast Asia and one in Switzerland. More recently, CCL purchased a 70% stake in a small private-label manufacturing company in India, signifying its entry into this new geographic area.

The company will be reporting fourth-quarter 2016 results on February 23. In the last four quarters, results came in better than expected.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:CCL.B (CCL Industries)

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