

This Manufacturing Stock Is an Industry Leader in Revenue Growth and Profits

Description

If you are looking for a stock with industry-leading revenue and profit numbers, you should consider **CCL Industries Inc.** ([TSX:CCL.B](#)), the largest label company in the world. Its brands include the familiar Avery (seen on many office supplies), Label, and Checkpoint. The company is based in Toronto and was founded in 1951.

CCL by the numbers

CCL released second-quarter numbers on August 8. It reported adjusted earnings per share of \$0.68, in line with analyst expectations. This was an increase of 23.19% compared to Q2 2016. CCL has a net profit of 8.56%, among the highest in the industry. Its year-over-year revenue growth is an industry-leading 30.79%. Compare that to peer **Winpak Ltd.** ([TSX:WPK](#)), which has revenue growth of only 3.18%. CCL also has a healthy return-on-equity number of 21.34% — also among the highest in the industry.

CCL has maintained an upward trajectory with its earnings growth, which has averaged 47.93% annually over the last three years — better than the industry average of 34.61%. The only number of real concern is CCL's debt-to-net-equity ratio of 2.17. This means the company has more than twice the amount of debt to equity, so it needs to work on lowering its debt load.

The stock currently trades in the \$56 range, well below its 52-week high of \$71.32. Analysts expect the stock to go back into the \$70 range over the next year. If they are right, there is plenty of room for this stock to grow. CCL has a trailing P/E ratio of 26.16. Analysts expect this number to come down over the next year, which would make the earnings cheaper for investors if the analysts are right.

For income investors, this stock pays a dividend, though it's not a high one. Its current quarterly offering is \$0.115 per share for an annual rate of \$0.46 per share. This gives it a low yield of 0.81%. The dividend payout has increased every year since 2012, but the overall yield has come down each of those years.

Bottom line

Other than its debt load, CCL Industries's numbers are impressive. It's an industry leader in many areas and produces consistent results. If you are looking for a manufacturing stock for your Foolish portfolio, CCL Industries Inc. deserves some of your attention.

CATEGORY

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