



Pack 1 of These Stocks in Your Portfolio

Description

The stocks of **CCL Industries** ([TSX:CCL.B](#)) and **Intertape Polymer Group** ([TSX:ITP](#)) have corrected recently, but CCL Industries is showing more strength.

CCL Industries is trading at about 17% below its 52-week high and about 6% above its 52-week low. Intertape Polymer Group is trading at about 26% below its 52-week high and pretty much at its 52-week low. One could say that Intertape Polymer Group is more of a value pick than CCL Industries.

Which stock is cheaper?

At about \$55 per share as of writing, CCL Industries trades at an estimated 2018 price-to-earnings ratio (P/E) of about 20.1, while some analysts estimate the packaging and containers company will grow more than 12% per year for the next three to five years.

At about \$16.80 per share as of writing, Intertape Polymer Group trades at an estimated 2018 P/E of about 11.9, while some analysts estimate the packaging and containers company will grow at a double-digit rate for the next three to five years.



Both stocks have strong histories of operating performance

CCL Industries' five-year return on assets, return on equity, and return on invested capital are about 8%, 19.7%, and 11.9%, respectively. Its recent net margin was 10.3%.

Intertape Polymer Group's five-year return on assets, return on equity, and return on invested capital are about 11.1%, 27%, and 15.3%, respectively. Its recent net margin was 6%.

So, both companies have excellent management that is investing in the right places and generating double-digit returns from their investments. CCL Industries commands a higher margin, however.

What are the stocks' near-term total returns potential?

The **Bank of Nova Scotia** analyst has a one-year target of \$64 per share for CCL Industries, which represents about 16% near-term upside potential and about 17% near-term total returns potential.

The **Thomson Reuters** analysts have a 12-month mean target of US\$17.50 per share for Intertape Polymer Group, which represents a target price of about CAD\$22.75, roughly 35% near-term upside potential, and about 39% near-term total returns potential, which is boosted by its [safe dividend yield of about 4.4%](#).

Recent good news

CCL Industries just made three bolt-on acquisitions earlier this month. Each acquisition helps widen CCL Industries' economic moat by geographic expansion, enhancement in the company's capabilities, or addition to the company's offerings. The stock seemed to have a delayed positive response to the news as it rebounded about 10% from its low beginning a few days after the announcement.

Earlier this month, Intertape Polymer Group acquired the remaining 26% interest in Powerband and now gets 100% interest in the cash flows from the business. Powerband is based in India with one operating facility and one facility that's under development.

Powerband increased Intertape Polymer Group's capacity to manufacture acrylic carton-sealing tapes in a low-cost manufacturing region, which allowed it to export competitively-priced tape products to North America and Europe.

Investor takeaway

Long-term investors should do well in both companies, with Intertape Polymer Group having greater total returns potential given its cheaper valuation. That said, both companies aren't immune to economic [downturns](#).

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CCL.B (CCL Industries)
2. TSX:ITP (Intertape Polymer Group)

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