A Canadian Stock Warren Buffett Would Love!

Description

When it comes to stocks, boring is beautiful — at least according to Warren Buffett and his disciples who've adopted his timeless investment philosophy.

Dull, easy-to-understand businesses with highly predictable cash flows and uptrending earnings are what Buffett seeks to discover.

And once he's found such a "wonderful" business that lies within his circle of competence, he sits on his bum and patiently waits for its stock to trade at a price that he deems is below its intrinsic value. By insisting on a margin of safety, Buffett increases the chance of scoring outsized returns and limits the potential damage he could endure in a worst-case scenario.

Although Buffett's investing strategy is easy to understand, it's tough to put into practice, because it requires a tonne of patience and conviction — traits that few do-it-yourself stock pickers have. And "wonderful" stocks at incredible prices are seldom served up by Mr. Market.

In times of panic, when Mr. Market collectively tosses everything into the bargain bin, such opportunities to nab great businesses for great prices increases. And it's times like those where you, like Buffett, will need plenty of dry powder on the sidelines to take advantage of such rare chances to pay a dime to get a dollar.

Consider **CCL Industries** (TSX:CCL.B), the world's largest label maker. The company provides decorative packaging and specialty label solutions for a wide range of clientele that span industries ranging from healthcare to consumer-packaged goods.

The business of packaging labels is incredibly boring, but it's necessary in a world where brand power matters and every product is looking to differentiate itself from the pack. Over time, demand for such labels is slated to increase in conjunction with the need for various consumer-packaged goods.

Moreover, CCL isn't just in it to prettify the packaging of branded goods. Through one of its subsidiaries, Checkpoint Systems, CCL provides retail loss prevention and inventory management labels that incorporate technologies such as RFID.

Over the past three years, the company has averaged 17.1% in operating income growth, alongside 19.3% in sales growth. A consistent upward trajectory, although it's worth noting that the demand for CCL's products is tied to the state of the economy.

In a prior piece, I'd noted that CCL stock was too expensive and was at risk of plunging following its August 8th earnings report. This is indeed what happened, as CCL failed to impress as its stock took a dive.

Now that shares are nearly 15% cheaper than they were a month ago, the stock finally appears ripe for buying. At the time of writing, shares trade at 12.2 times EV/EBITDA and 20.7 times next year's expected earnings. That's not dirt-cheap but certainly not expensive for the calibre of business that you're getting.

Foolish takeaway

If you're in the market for a Buffettesque investment, you may want to consider getting some skin in the game on the post-earnings dip. But don't bet the farm on CCL stock just yet, as it could shed another 10% in a broader market pullback.

CCL is precisely the type of boring, but necessary business you'd find under the **Berkshire Hathaway** umbrella. Who knows? If the stock keeps getting pummelled, it may fall into the radar of the Oracle of Omaha, who hasn't shied away from Canadian stocks over the years.

Stay hungry. Stay Foolish.

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