Canadians: Bolster Your TFSA and RRSP With This 1 Stock!

Description

If you've ever attended an event with name tags, chances are you wrote your name on an Avery label. In fact, aside from Avery, there aren't many multinational companies in the business of making labels.

Investors looking to bolster their RRSP and TFSA with a growing company should consider purchasing shares of **CCL** (TSX:CCL.B).

The company is in the business of manufacturing and selling packaging and packaging-related products. The CCL brand sells pressure sensitive and extruded film materials used for labels on consumer packaging, automotive and healthcare products and generates the majority of revenue.

The Avery segment specializes in labels, tags, dividers, badges and software under the eponymous brand.

The Checkpoint segment includes the manufacturing and selling of technology-driven, inventory management and labeling solutions.

Finally, the Innovia segment manufactures specialty films.

The reason why CCL is such a good investment is due to its worldwide dominance and strong financials.

Worldwide dominance

Although this subheading would be more appropriate for a comic strip, CCL's global footprint gives it easy access to clients around the world.

The company has offices in the United States, Canada, Switzerland, Germany, China and Japan, just to name a few. The accessibility CCL has to its clients is a key driver in the company's revenue growth from $2.6 billion in fiscal 2014 to $5.2 billion in fiscal 2018, led by North America (42%), Europe (33%) and emerging markets (25%).

Further, the company is backwardly integrated into materials science, which means the company fulfills tasks up the supply chain (in this case when it comes to the research and development of materials).

Strong financials

The company's growing revenues have positively impacted operating income, which has increased from $335 million in fiscal 2014 to $713 million in fiscal 2018.

CCL has been successful in converting a large portion of its operating income into net income with a net income margin of 9% in fiscal 2018 down slightly from 10% in fiscal 2017.

As well, the company reports increasing operating cash flow from $404 million in fiscal 2014 to $773 million in fiscal 2018. CCL has a responsible management team as indicated by its repayment of debt totalling $1.9 billion in the past five fiscal years.

Finally, the company has strong liquidity, with an end cash position in excess of $220 million in each of the past five fiscal years and $2.1 billion in current assets.

CCL's increasing operating income, increasing operating cash flows and high liquidity make it an ideal choice for long-term investors.

Summary

Given CCL's dominance of the label industry, investors should be excited with the opportunity of purchasing its shares.

The company's offices in Europe, Asia and North America bring it closer to clients which allows the company to deliver superior service while taking advantage of the local workforce that have a better understanding of the laws and culture inherent to the country.

Further, the company has exhibited growth in revenues, operating income and operating cash flows. All three metrics indicate that the company is growing which ultimately benefits investors down the road.

With the company's $2.1 billion in current assets and ending cash balance in excess of $220 million in each of the past five fiscal years, CCL is poised to deliver decent returns to investors.

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