



## Invest in Canada's Best Growth Stock

### Description

**CCL Industries** ([TSX:CCL.B](#)) is the world's largest producer of [pressure-sensitive and extruded film materials](#) for a wide range of decorative, security, and functional applications for government institutions and large global customers in several industries. CCL employs approximately 21,500 people operating 185 production facilities in 42 countries.

The company has a price-to-earnings ratio of 22.53, price-to-book ratio of 3.45, dividend yield of 1.18%, and market capitalization of \$10.95 billion. Debt is very sparingly used at CCL, as evidenced by a debt-to-equity ratio of just 0.77. The company has excellent performance metrics with an operating margin of 14.19% and a return on equity of 16.32%.

CCL is the world's largest supplier of labels, specialty converted media, and [software solutions](#). This enables short-run digital printing in businesses and homes alongside complementary products sold through distributors, mass market stores, and e-commerce retailers. Checkpoint, a CCL subsidiary, is a leading developer of technology systems for loss prevention and inventory management applications, including labeling solutions, for the retail and apparel industries worldwide.

Another CCL subsidiary, Innovia, is the leading global producer of specialty and high-performance films for label, packaging and security applications. CCL has material science capabilities in polymer extrusion, coating and lamination, surface engineering, and metallurgy, and these capabilities are deployed as needed across the business.

CCL's business segments have many common or overlapping customers, process technologies, information technology systems, and raw material suppliers. The company's label segment supplies specialized label, aluminum aerosol, and specialty bottle solutions to several companies.

CCL's design segment supplies long-life, high-performance labels and other products to automotive, electronics and durable goods companies. CCL's secure segment supplies polymer banknote substrate, passport components, ID cards, and other security documents to government institutions.

Most markets for labels around the world are very fragmented and CCL is the largest supplier, with many smaller competitors. The company is focused on specific sectors of the label market that require

more sophisticated technology. It has the ability to purchase major raw materials, such as pressure sensitive laminates and extruded films, at favourable prices due to bulk purchases under supply agreements.

CCL has a decentralized and entrepreneurial operating style. The company is continually looking to gain market share and has incurred restructuring costs over the last several years. These were taken to reorganize certain business units to provide for losses on dispositions and to provide for the write-down of assets of business units that were non-core and underperforming.

The company's business strategy is focused on growing the specialty packaging and label businesses in which CCL believes it can become the dominant player in the market. There is huge potential for take advantage of the trend toward globalization due to a multinational customer base.

Historically, CCL has divested non-core or unprofitable operations in order to improve overall profitability, return on equity and financial leverage. The company has adopted this approach, so it can be better positioned to operate effectively during economic downturns and to have the financial flexibility to make acquisitions and invest in capital spending that support CCL's business strategy.

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## Date

2025/09/10

## Date Created

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2021/02/07

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