



1 High-Growth Canadian Stock to Buy Today

Description

In fiscal 2020, **CCL Industries** ([TSX:CCL.B](#)) had a record year at the company's label joint venture in the Middle East. CCL's aluminum aerosol business also had a great year on improved volumes, especially in Mexico. Overall, CCL's business followed the mixed fortunes of the industry. Those brands that focused on the cleansing did well, but cosmetic, prestige, or [travel-related products](#) suffered, especially in the first half of the year.

Rebuilding capacity at CCL's operation

Fiscal 2020 was also a challenging year for CCL's aluminum slug venture. In February, CCL had to take full control from the company's German partner who faced financial difficulties and ultimately bankruptcy. Rebuilding capacity at the operation by CCL incurred unexpected [fully consolidated losses](#). However, the plant is expected to get into positive adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) territory in 2021.

Benefitting from bolt-on acquisitions and modest positive currency translation

In addition, CCL's healthcare and specialty sales were boosted by the COVID-19 crisis and were up by the double digits, with the added benefits of bolt-on acquisitions and modest positive currency translation. Profit performance appears to have been particularly strong in North America, where CCL is more exposed to over-the-counter (OTC) medicines, vaccines, and medical-grade sanitizers.

Increasing global profitability

Further, CCL's lawn and garden chemical markets also boomed in the crisis as consumers were forced to stay at home. CCL's international business, more focused on prescription drugs and agricultural chemicals, faced slower market growth but still posted gains overall. Global profitability increased

significantly on higher sales, cost savings, and favourable mix.

Entry into the pharmaceutical folding carton market with digital technology

Furthermore, CCL's executive management appears excited about the company's entry into the pharmaceutical folding carton market with digital technology and the company's acquisition of Graphics West late in 2020. CCL's food and beverage division posted a low single-digit sales decline as customers' volumes in certain channels, including products sold at travel retail, were deeply impacted by the crisis.

Using assets to support homecare customers

Offsetting that, sales of CCL's Sleeves product continued on the recent growth trajectory and were especially strong in the United States and Latin America. Many of the brand's CCL supplies are associated with at-home consumption, which is booming in the pandemic. This included sales of household disinfectants and cleaning fluids, where CCL used the company's assets in this space to support homecare customers.

Strong sales of closure labels for home delivery bags

Sales of closure labels for home delivery bags at fast-food chains were also strong. CCL's new plant in South Africa was closed by the government, along with the company's customers in the beer sector, for some months, reopening in the second half and profitable in the fourth quarter. Overall profitability was almost flat for fiscal 2020 despite the sales decline.

Sales benefitting from robust technology markets

Also, CCL's joint venture in Russia posted record earnings on strong double-digit organic sales growth. In addition, the high demand for Gen 5 mobile devices and data storage hardware for cloud computing fuelled already robust technology markets.

Overall, CCL is very well-positioned to deliver outperforming shareholder returns as the economy recovers.

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