



1 Top TSX Stock to Consider Buying Right Now

Description

For industrials and economically sensitive stocks, this pandemic has been a difficult time to navigate. Indeed, one top TSX stock in this group that has seen a sharp decline, followed by a rapid recovery, is **CCL Industries** ([TSX:CCL.B](#)).

As vaccinations continue to increase, and the economy reopens, expectations are that economic activity should improve. For packaging and labels company CCL, this makes for an intriguing reopening thesis to rely on.

With a rather boring business model (the market for labels, cardboard/aluminum/plastic tubes, RFID and RF tags, along with cosmetic containers doesn't scream "sexy"), CCL is an oft-overlooked stock. However, I think this company could be a top TSX stock many investors simply haven't heard of.

Let's dive into why.

Fundamentals make this a top TSX stock

Certainly, the pandemic has hurt CCL's core business, at least at the onset. Economic activity dropped, and investors became worried about how the economy would fare in the quarters and years to come.

However, CCL has shown its status as a top TSX stock due to the company's ties to the e-commerce sector. Indeed, e-commerce shipping requires more in the way of labels and packaging. As the economy transitions toward e-commerce and away from brick-and-mortar retail, CCL is a key beneficiary. Of course, the fact that the pandemic accelerated this trend is a great thing.

CCL's recent free cash flow numbers are impressive. The company brought in \$577 million over the past four quarters, growing its cash flow by a whopping 31%. Given the company's current market capitalization of [\\$12 billion](#), that's an impressive cash flow yield.

Revenues have been on the incline along with earnings as well. The company showed 14% and 49%

growth, respectively, in these categories.

Accordingly, CCL has been able to pay a [dividend yield of 1.2%](#). I think there's likely more dividend hikes on the horizon, given the company's impressive cash flow growth of late. Indeed, a company with a return on equity of more than 18% and these sorts of fundamentals needs to be considered a top TSX stock right now.

Global performer

As with other impressive performers on the TSX, CCL has become a top TSX stock largely due to its foreign exposure.

Specifically, the company has been generating strong results in China. The profitability of the company's overseas segment has added to margins and improved cash flows. Those bullish on the recovery of global supply chains may want to consider CCL. Indeed, this is a stock with a lot to gain from streamlined global trade.

I think labels and packaging are about to become a whole lot more important to the global economy. Accordingly, I view CCL as a top TSX stock ready to take on this challenge. Long-term investors would be remiss to ignore this company at this current valuation, in my view.

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Date

2025/06/29

Date Created

2021/09/21

Author

chrismacdonald

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