



## Should Investors Be Worried About SNC-Lavalin Group Inc.?

### Description

**SNC-Lavalin Group Inc.** (TSX: SNC) may be broken up, sold, or even shut down if criminal charges are levied against it in connection with an extensive bribery scandal. This is according to CEO Robert Card in an editorial board meeting with *The Globe and Mail*.

So, should investors be worried? Well, Card himself said he isn't worried... yet.

SNC-Lavalin is Canada's largest engineering company and has seen its share of trouble and scandal in the past few years. Its former management has been charged with fraud, bribery, and rigging of tenders in the alleged fraud of \$22.5 million related to the awarding of the McGill University super-hospital project.

But since then, the company has tossed out the old, brought in the new, and managed to not lose business in the process as well as strengthen its share price (talk about icing on the cake). Card is clearly doing a pretty swell job in turning the company around.

He does say, however, that the company wouldn't survive another scandal — because a huge part of SNC's business in Canada is linked to government entities, a conviction would ban SNC from doing business with them.

### What now?

The stock was down a little more than 1% as the news made the rounds, but it doesn't seem like the dramatic news had any effect on it. If you look at the stock movement since December 2013, you will notice that it seems to copy the zigs and zags of oil stocks (since they are SNC's customers). It rises and falls in conjunction with oil stocks. Today, the sector is down given weak oil prices, and SNC shares are replicating that move.

Card has indeed built investor confidence (if you are skeptical, take a look at the stock performance since his appointment). Since he came aboard, SNC has focused on getting rid of the bad (whether people or hard assets) and investing in whatever ensures growth instead. It recently completed its acquisition of British engineering company Kentz Corporation Limited — the largest in its history —

which adds to its margins and gives more weight to its oil and gas division.

The company also has several contracts in the pipeline. It was awarded a five-year contract for Infrastructure Ontario and its 26 ministry clients as well as a contract by Competitive Power Ventures Inc. for the St. Charles Energy Center Project in Maryland.

So should you buy, sell, or hold this stock? I reckon waiting for a while for more news to unfold. As I said in my last [article](#) on SNC, the stock's optimum buy is under \$50.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:ATRL (SNC-Lavalin Group)

## Category

1. Investing

## Date

2025/09/08

## Date Created

2014/10/08

## Author

sandram

default watermark

default watermark