



## Is SNC-Lavalin Group Inc. the Top TSX 60 Index Component to Buy Today?

### Description

**SNC-Lavalin Group Inc.** (TSX:SNC), one of the largest engineering and construction companies in the world, has been one of the market's most disappointing stocks. It has fallen over 5.5%, while the TSX Composite Index has gained over 4.5%, but it has the potential to be one of the top performers over the next several years. Let's take a look at three of the top reasons why you should consider buying shares today.

#### 1. Acquisitions driving revenues higher

SNC released very strong fourth-quarter earnings results on March 5, citing its "landmark" \$1.97 billion acquisition of Kentz Corp. as a primary driver of growth, and its stock has responded by rising over 12.5% in the weeks since. Here's a breakdown of 10 of the most notable statistics from the report compared to the year-ago period:

1. Adjusted net income increased 0.6% to \$106.67 million
2. Adjusted earnings per share remained unchanged at \$0.70
3. Total revenues increased 32.7% to \$2.82 billion
4. Revenue from services increased 47.8% to \$1.03 billion
5. Revenue from packages increased 49.3% to \$1.24 billion
6. Revenue from operations and maintenance increased 1.3% to \$342.6 million
7. Revenue from infrastructure concession investments decreased 21.6% to \$200.7 million
8. Net cash generated from operating activities increased 24.7% to \$435.53 million
9. Ended the quarter with a backlog of approximately \$12.3 billion, an increase of 48.7% from the backlog reported at the end of the year-ago period
10. Ended the quarter with \$1.7 billion in cash and cash equivalents, an increase of 47.4% from the beginning of the quarter

#### 2. Inexpensive current and forward valuations

At current levels, SNC's stock trades at just 16.9 times fiscal 2014's adjusted earnings per share of \$2.46 and a mere 12.9 times fiscal 2015's estimated earnings per share of \$3.24, both of which are

very inexpensive compared to its five-year average price-to-earnings multiple of 43.

I think SNC's stock could consistently command a fair multiple of at least 18, which would place its shares upwards of \$58 by the conclusion of fiscal 2015, representing upside of more than 39% from today's levels.

### **3. A stable and growing dividend**

SNC pays a quarterly dividend of \$0.25 per share, or \$1.00 per share annually, giving its stock a 2.4% yield at current levels. A 2.4% yield may not seem impressive at first, but you must factor in that the company has raised its annual payment for 15 consecutive years, and I think this streak could continue on for the next several years, making it one of the top dividend-growth plays in the market today.

### **Is now the time to buy shares of SNC-Lavalin Group?**

SNC-Lavalin Group Inc.'s stock represents one of the best long-term investment opportunities in the market today because its earnings and revenues are on the rise, because its stock trades at inexpensive current and forward valuations, and because it has a stable and growing dividend. Long-term investors should take a closer look and strongly consider establishing positions.

#### **CATEGORY**

1. Investing

#### **TICKERS GLOBAL**

1. TSX:ATRL (SNC-Lavalin Group)

#### **Category**

1. Investing

#### **Date**

2025/07/25

#### **Date Created**

2015/04/10

#### **Author**

jsolitro

default watermark