



## Is SNC-Lavalin Group Inc. a Good Investment?

### Description

**SNC-Lavalin Group Inc.** (TSX:SNC) is one of the largest engineering and construction companies in the world with operations in over 50 countries. SNC employs nearly 40,000 people worldwide with 12,000 employees in Canada.

SNC recently provided fourth-quarter earnings, which showed growth and some promise to investors looking forward to 2016.

Here's a look at how SNC is doing and what investors can expect moving forward.

### How's SNC doing?

SNC currently trades at \$46.38. Year-to-date, the company is up by an impressive 12.79%. Over the course of a full calendar year, the stock is up by 13.62%.

In the most recent quarter, SNC posted a profit of \$49.2 million, or \$0.33 per share. This number is down from the same quarter last year, when SNC posted \$1.14 billion and \$7.51 per share, which was significantly boosted by the sale of SNC's stake in an Albertan electricity distributor.

Revenues for the quarter came in at \$2.6 billion, down slightly from the \$2.8 billion posted in the same quarter last year. Adjusted earnings came in at \$0.67 per share, down \$0.03 from the same quarter last year but up \$0.25 over what analysts had been forecasting for the quarter.

Looking at the full year, the engineering and construction business posted earnings of \$95.8 million, or \$0.64 per share, which is a massive improvement over the previous year, which saw the company post a loss of \$300.5 million, or \$1.97 per share.

SNC also announced an increase to the quarterly dividend, which now stands at \$0.26 per share, giving the company a respectable yield of 2.24%.

### Looking forward to 2016

SNC is no stranger to controversy. It faces charges of corruption and fraud as a result of dealings in Libya.

Despite this, the company managed to maintain a sizeable amount of projects within Canada, including a \$1.79 billion project in Ottawa and another \$890 million transit project in Vancouver.

Looking internationally, SNC has signed a number of other agreements in the past few years, including a \$500 million contract in Saudi Arabia and a contract signed late last year for a greenfield potash mining and processing facility located in northeastern Ethiopia.

Earlier this month, SNC announced an \$800 million EPC project in the Middle East for the development of the infrastructure and processing facilities for a gas field.

Analysts are generally positive on the company, giving it a price target in the \$50 range and a buy rating on the stock.

Another reason to optimistic about the company is the potential for additional work in Canada. With the Liberal government pledging to invest heavily in infrastructure, SNC seems more than likely to get some of that work.

In my opinion, SNC represents an investment opportunity for investors looking to diversify their portfolios with a company that has projects both around the world and in Canada.

The continuing flow of work the company receives as well as the improving financials of the company and increasing dividends ensure that SNC will continue to impress investors.

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

1. TSX:ATRL (SNC-Lavalin Group)

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## **Date**

2025/07/24

## **Date Created**

2016/03/22

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