



## Are Hydro One Ltd. (TSX:H) and SNC-Lavalin Group Inc. (TSX:SNC) Stocks a Bargain Before March?

### Description

The S&P/TSX Composite Index rose 12 points on February 22. The marginal gain capped off a very good week for the TSX, which has soared 11.8% in the first two months of 2019 so far.

Today, we are going to review two stocks that have struggled over the course of this rally. Both have been embroiled in political controversies that have frustrated shareholders. Which is the better buy ahead of March? Let's find out.

### Hydro One ([TSX:H](#))

Hydro One stock fell 1.17% on February 22. Shares have climbed a paltry 0.3% in 2019 so far. The stock is down 3.3% year over year.

The 2018 Ontario provincial election was one of the most contentious in recent memory. In it, Hydro One was once again reduced to a political punching bag. Doug Ford and the Ontario PCs vowed to boot out Hydro One's leadership and [followed through on this promise](#) after their election victory. In February, Ontario slapped a \$1.5 million cap on Hydro One's chief executive salary — a move which would put future CEOs way below earnings of CEOs at other top utilities. Talent acquisition could become an issue going forward.

Hydro One capped off fiscal 2018 with two solid quarters back to back. For the full year, revenues rose to \$6.21 billion compared to \$5.99 billion in 2017. Net income also climbed to \$778 million over \$658 million in the prior year. The company announced a quarterly dividend of \$0.23 per share, which represents a 4.5% yield.

Hydro One stock currently boasts an RSI of 39. This is a nice price considering its attractive dividend. The company also boasts a wide economic moat, which should inspire confidence, even in the face of internal reshuffling.

## SNC-Lavalin (TSX:SNC)

SNC-Lavalin stock fell 2.93% on February 22. Shares have plunged 24.3% in 2019 so far. Earlier this month, I'd asked whether it was time to [buy-low on SNC-Lavalin](#) with its high-profile scandal involving the ruling Liberals dominating headlines. At the time, I went with the contrarian pick; buy SNC-Lavalin stock.

Shares are up 3.5% week over week, but Q4 results have stalled the rally. The company reported a \$1.6 billion loss in the fourth quarter and slashed its dividend by 65%. It will now pay a quarterly dividend of \$0.10 per share, which represents a modest 1.1% yield. SNC-Lavalin has attempted to negotiate a deferred prosecution agreement in connection with charges over its dealings with Moammar Gadhafi's Libyan government between 2001 and 2011. Investors can expect SNC-Lavalin to be tied up in the courts as we head into the next decade, but this does not necessarily mean you should throw in the towel on the stock.

SNC-Lavalin boasts assets that, if liquidated, could net the company substantial cash. This past year was difficult, but the company is projecting a bounce back in 2019. The stock boasted an RSI of 34 as of this writing, which puts it just outside oversold territory. SNC-Lavalin stock still comes at a nice price. Hydro One offers more certainty for investors right now, but those on the hunt for a high-reward play may want to consider stacking SNC-Lavalin right now.

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1. Investing

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2. TSX:H (Hydro One Limited)

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