



What's Happening With SNC-Lavalin (TSX:SNC)?

Description

It's been a rocky start to the year so far for **SNC-Lavalin Group** (TSX:SNC), and honestly, rightly so.

The global engineering and construction firm has been mired by controversy, with bribery and corruption still at the front of everyone's mind.

And while you could absolutely be the type of person to refuse to support such a stock, investors have to admit that right now has created an ideal buying opportunity ... if you're up for it.

Granted, it won't be without risk. The controversy is far from over. But analysts believe the stock is completely undervalued, meaning when the dust settles, investors could see a huge boost.

Sordid past

As I mentioned, SNC has a history of [bribery and corruption](#) that has led to a number of convictions and some settlements over the years. A quick search leads you to scandals dating back to 1995, with the same signs happening over and over again: the Kerala hydroelectric dam in India, the Jacques Cartier bridge, the Padma Bridge, and SaskPower all reeked of bribery, fraud, and forgery, and, of course, the numerous allegations of corruption and collusion with the Canadian government.

The accusations led to the CEO stepping down in 2012 and has since undergone an "overhaul," as the company claims, to fix its culture, ethics, and compliance standards. These moves have led to a number of resignations and dismissals from management. The main problem for the company is that even as it fixes current issues, old ones keep popping up. Accusations of bribery and corruption could come up from as early as 2000, and the company would have yet another share sink to deal with.

Business as usual

Well, hopefully business is not completely as usual. This company may have had a sordid past, but it still has a successful one. Especially when it comes to winning major projects. These large and often

complex construction and development projects are the company's bread and butter, with a history of completing them on schedule.

This has strengthened the company's core structure and allowed it to acquire some major businesses. Recently, it announced it would be acquiring U.K.-based WS Atkins, which should increase its recurring revenue even further. This would be on top of the Canadian market, which has substantial ongoing opportunities everywhere from domestic mining to modernizing urban areas.

Now what?

The current CEO says the company is trying to get back to business as usual by strengthening its balance sheet. And if that's all that was needed, I'd jump on this stock. But it's not all.

Criminal accusations are a heavy loss for a company. It's unclear when exactly things will turn around, and things could absolutely get worse before they get better. And as they get worse, that could mean fewer businesses that are willing to take on the risk of hiring a company like SNC. There's simply just [too much uncertainty](#) with this stock.

So, I can tell you how analysts still think the stock could go up in the next 12 months, some predicting as high as \$50, but that doesn't matter when there is so much volatility surrounding it. For now, I'd stay far away from this stock until the dust settles, and that could be years and years away.

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