



## At What Price Does SNC-Lavalin (TSX:SNC) Become a Buy?

### Description

**SNC-Lavalin Group** (TSX:SNC) was down again on Wednesday, as investors learned that the company will be headed to a trial after a judge determined there was enough evidence to charge SNC with fraud and corruption.

In a press release issued by SNC, the company's president and CEO Neil Bruce said he wasn't surprised by the development: "Given the threshold to be met by the prosecution at the stage of the preliminary inquiry, this outcome was expected."

### Stock continues to fall

SNC's stock has already fallen more than 45% since the start of the year, and these new developments don't make things any better for the company's future. There's a lot of [uncertainty](#) facing SNC, and that's never what investors want to see.

You have to go back all the way to 2005 to find the last time that the stock was trading this low. And while for value investors that might seem like it's a deal and that it could be a cheap buy, the stock could just as easily plummet further. In a trial, new information will likely be uncovered, which could result in new questions and concerns about the company, potentially dragging the stock down even further.

There's nothing like [negative press](#) surrounding a company that can keep its stock down, and this ensures SNC's name will continue to get dragged through the mud for the foreseeable future. The brand has undoubtedly been damaged, even though the company's CEO is trying to do what he can to distance the current management from what happened in the past.

He stated in the release, "These charges relate to alleged wrongdoings that took place seven to 20 years ago by certain former employees who left the company long ago. And we are pursuing those who committed the wrongdoings."

And while it's true the events took place a long time ago, it's unclear what consequences we could see

for SNC as a result of the trial. That uncertainty should give investors pause, because if the company is hit by a big financial cost to its books, it could leave a crippling long-term impact on SNC.

## Is there a price that SNC would be a good buy at?

The stock itself is in a free fall and it's unpredictable how low it will go. That makes it a dangerous investment, and buying SNC should be left to the speculators rather than investors. Without knowing the financial impact the trial will have in terms of potential penalties as well as legal costs to defend the company, there are simply too many variables to possibly account and estimate for in this scenario.

An argument could be made that there's no stock that's more of a sell than SNC is today. With the problems and uncertainty facing the company, it becomes a guessing game as to how low the stock might fall to. There aren't signs of support at any price, and with a huge cloud hovering over the company, it's always going to be a risky proposition to buy the stock.

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