



## Is This Stock the Big Winner From Monday's Election Results?

### Description

With the Liberals winning a minority government, the election results on Monday may have created more questions than they actually answered. But that hasn't stopped investors from reading into the results and projecting what they might mean for certain stocks. For example, **SNC-Lavalin Group** (TSX:SNC) saw its share price get a big boost with the news that Prime Minister Justin Trudeau would be staying in power.

Monday's election results led to the stock jumping as much as 14% on Tuesday, putting it back up to over \$20 a share.

### What's gotten investors so excited?

Had the Conservatives won the election, it could have resulted in a lot more uncertainty for SNC. With the company heading to trial, it wasn't going to be getting any favourable treatment from a Conservative government that's normally tough on crime.

That's in stark contrast to the current government, which has been involved in a scandal where pressure was allegedly put on the Minister of Justice to give SNC more favourable treatment, involving a deferred prosecution agreement.

It's clear to investors are reading into the results that this will mean SNC will have an easier path ahead. However, nothing has been announced, and there are no guarantees that SNC will be able to avoid serious punishment.

### Why the stock still isn't worth buying

Regardless of which government is in power, the challenges facing SNC remain present. While the conditions may be a bit more favourable relating the potential punishment that the company could face as a result of actions in Libya, that doesn't change the fact that SNC has a long way to go to rebuilding trust back with investors.

The election results don't make SNC a much safer investment going forward, nor do they suggest that the company will return to profitability. And given the public pressure that the prime minister has faced as a result of the controversy surrounding SNC, it's possible that Trudeau could keep a safe distance away from the legal process altogether and not get involved with what happens to the company.

While Trudeau may have won the election, it wasn't a majority win, and support was lost across the country, and so if he would want to rebuild some of his party's reputation, getting involved with SNC again could only make things worse.

## Bottom line

SNC investors may have jumped the gun on Tuesday, expecting that the stock may somehow be a big winner as a result of the election. The reality, however, is that the results don't guarantee anything for the company, and it's still facing a lot of legal uncertainty going forward. Until there's some formal announcement on the proceedings, it's very premature for investors to act on the results.

Even with Tuesday's rally, SNC's share price had fallen more than 56% year to date. And until there's some more certainty surrounding what will actually happen to the company, there's no reason for investors to be bullish on the stock. The election results aren't a guarantee that SNC will avoid any penalties, nor do they undo the [horrible results](#) that the company has turned in over the past few quarters.

There's still [a lot of risk](#) surrounding the company, regardless of who's in power.

### CATEGORY

1. Investing

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1. TSX:ATRL (SNC-Lavalin Group)

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