



Comeback Kids: 2 Stocks That Can Storm Back in 2020

Description

Canadian and global stocks were pummeled in late 2018, only to come storming back in what was a lucrative 2019 for most of the investing world. However, this was not the story for the two equities we are going to take a snapshot of today. These companies were hit hard by one catastrophe after another. But, as we enter the second month of 2020, there is a ray of hope on the horizon.

Should investors bet on these potential comeback stories this year? Let's dive in.

SNC-Lavalin

For Canadians who follow the news, **SNC-Lavalin** (TSX:SNC) needs no introduction. The company was the proverbial punching bag for most of 2019 as it was embroiled in one of the biggest scandals in this century. Around this time last year, I'd discussed whether it was worth it for investors to [buy the dip](#). The stock has dropped 11% year over year as of close on February 5.

Investors can expect to see SNC's fourth-quarter and full-year results for 2019 later this month. In the third quarter, the company reported revenue of \$1.58 billion in its SNCL Engineering Services segment. EBIT in the segment climbed to \$252 million over \$184 million in the prior year. SNC reported seven contract wins between July and October. It also used the \$2.9 billion in net proceeds from its Highway 407 ETR sale to bolster its balance sheet. Still, operating cash flow is not near the levels it needs to be to cover SNC's debt.

SNC stock has roared back to a near 52-week high, but it is still trading well off its 2018 levels. It offers very little in the income department, so prospective buyers would be betting on its moderate growth potential ahead of its Q4 earnings release.

Maxar Technologies

Maxar Technologies (TSX:MAXR)(NYSE:MAXR) is another stock [I'd focused on last February](#). At the time, I'd warned that its dividend was set to be degraded, but shares had gone into oversold territory.

The stock has shot up 189% year over year as of close on February 5.

The company was hit hard in 2018 after a short-seller was vindicated when Maxar conceded an accounting error. Things went from bad to worse in January 2019 after it announced the loss of its WorldView-4 satellite to gyro failure. This sent the stock into an even deeper rut.

Shares rebounded slightly in 2019, as the company looked to offload assets to service its debt. It sold its MDA segment to the Toronto-based investment firm Northern Private Capital. The sale also allows Maxar to narrow its focus across Earth intelligence and Space Infrastructure categories. At the same time, the cash flow situation is still very uncertain right now. The sale of MDA certainly reduces the risk, but the company has a steep hill to climb.

Whereas SNC was a formidable engineering and construction giant swept up in controversy, Maxar is a company with an unclear path forward. Its balance sheet does not inspire faith, but it did garner some excitement this month with the announcement that it will build the Intelsat 40e, a next-generation communications satellite set for launch in 2022.

I'm staying away from Maxar right now, but more adventurous investors may want to make a bet on this space-centric equity.

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