



Value Investors: 1 Cheap Industrial Conglomerate to Buy

Description

Founded in 1911, **SNC-Lavalin** (TSX:SNC) is a [fully integrated professional services](#) and project management company with offices around the world. SNC-Lavalin connects people, technology and data to help shape and deliver world-leading concepts and projects, while offering comprehensive innovative solutions across the asset lifecycle.

The company's expertise is wide-ranging and includes the ability to provide services in consulting, intelligent networks, cybersecurity, design, procurement, project management, operations, decommissioning and sustaining capital.

Diverse business segments

SNC-Lavalin carries out the company's business through two broad lines of business, SNCL Engineering Services and SNCL Projects, which comprises of five operating and reportable segments. SNCL Engineering Services incorporates all consultancy, engineering, design and project management services around the world. It also leads the company's efforts to transform the global infrastructure sector by leveraging data and technology to improve the delivery of the company's clients' projects from conception through to eventual operation.

SNCL Projects are mainly engaged in transportation services. These include rail, mass transit, roads, airports, civil infrastructure, aerospace, defence and security and technology, including some of the world's most transformational projects. A significant portion of the segment's revenues are derived from the public sector, including national, provincial, state and local and municipal authorities.

Prudent strategic decision-making

The company's nuclear division supports clients across the entire nuclear life cycle with the full spectrum of services from consultancy, technology services, spare parts, reactor support & decommissioning and waste management. The segment also includes engineering solutions in hydro, transmission and distribution, renewables, energy storage, and intelligent networks and cybersecurity.

In fiscal 2021, SNC-Lavalin announced the [sale of the company's oil and gas business](#) which comprised a significant portion of the company's resources segment. Subject to regulatory approvals and satisfaction of customary closing conditions, the transaction is targeted to close in the second quarter of 2021. This was an intelligent move by the company to exit the low-margin energy business.

The mining and metallurgy services business will remain with the company and will continue to offer a full suite of delivery services covering the project lifecycle from project development through project delivery and support services. The company's infrastructure segment provides services related to mass transit, heavy rail, roads, bridges, airports, ports and harbours and water infrastructure. This segment undertakes operations and maintenance projects and provides services for district cooling plants and power substations.

Focused on delighting the customer

The company's resources segment provides project development, delivery, and support services primarily to the mining and metallurgy sector. This segment undertakes construction contracts for the mass transit, heavy rail, roads, bridges, airports, ports and harbors, and water infrastructure sectors.

Capital is SNC-Lavalin's investment, financing and asset management arm, responsible for developing projects, arranging financing, investing equity, undertaking complex financial modeling and managing its infrastructure investments for optimal returns. Capital's activities are principally concentrated in infrastructure, such as bridges, highways, mass transit systems, power facilities, energy infrastructure, water treatment plants and social infrastructure.

Overall, SNC-Lavalin delivers quality projects on budget and on schedule to the complete satisfaction of the company's clients. This should benefit long-term shareholders.

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