



This 1 TSX Stock Beat Dogecoin Last Week on Solid Earnings

Description

On Friday, the shares of Montreal-based **SNC-Lavalin Group** (TSX:SNC) rallied by 16% against a 1.2% rise in the **TSX Composite Index**. With this, its stock beat one of the hottest cryptocurrencies, Dogecoin, last week. While the meme-based cryptocurrency has seen a massive rally in the last couple of months, it lost nearly 10% of its value last week.

SNC-Lavalin stock is beating Dogecoin

By comparison, SNC-Lavalin stock ended the week with solid 14.4% gains. **Tesla** CEO [Elon Musk's announcement](#) about the company suspending the use of Bitcoin as a form of payment to purchase its cars took a big toll on the crypto investors' sentiments. While the crypto market remains extremely volatile these days, I find the shares of fundamentally strong companies like SNC-Lavalin much better investment option for small retail investors. Before we discuss more on that, let's find out why SNC-Lavalin stock staged a massive rally last week.

SNC-Lavalin's solid Q1 results

On May 14, SNC-Lavalin [reported](#) its solid Q1 results, as its actual adjusted earnings per share stood at \$0.48. It was nearly 37% higher than analysts' consensus estimates and showcased a massive improvement over its adjusted net loss of two cents per share in the same quarter of 2020.

While its adjusted revenue in the first quarter fell by 18% YoY (year over year) to \$1.8 billion, it improved by 7% sequentially. It was also higher than analysts' estimates of \$1.7 billion. To add optimism, SNC-Lavalin's adjusted EBITDA margin rose to 9.1% in the last quarter compared to just 3.9% a year ago.

Its SNCL engineering services segment revenue fell by 1.3% YoY. But it was still within its guidance range, as the COVID-19 didn't have any major impact on its operations in the last quarter.

Is its stock better than Dogecoin?

SNC-Lavalin primarily provides engineering and construction solutions to a wide range of industries. As the energy demand — including the demand for oil, gas, and power generation — goes up in the coming quarters, I expect its stock to outperform the broader market.

SNC-Lavalin stock is currently trading at \$32.54 per share with 48% year-to-date gains after losing 27% in 2020. Despite its strong recovery this year, its stock still looks undervalued, given its impressive future growth prospects.

I understand we shouldn't ideally compare an industrial stock like SNC-Lavalin with a meme-based cryptocurrency like Dogecoin. However, I can't resist doing that right now, as cryptocurrencies have become one of the hottest investment topics this year. A tweet from big celebrities like Elon Musk may trigger a sudden rally in Dogecoin prices. In contrast, even a single critical tweet by him about the cryptocurrency is enough to cause a massive selloff in it. That's one of the reasons why Bitcoin — the oldest cryptocurrency — lost more than 20% of its value last week.

Such extremely high volatility is enough to wipe out years of savings within a few days. That's why investors with low- to medium-risk appetite should consider investing in fundamentally strong companies like SNC-Lavalin for the long term rather than risking their money in the crypto market.

Foolish takeaway

Currently, 11 out of a total of 13 Bay Street analysts covering SNC-Lavalin recommend a buy with a consensus price target of \$36.65 per share. I find this price target to be very conservative and expect the stock to inch up much beyond this target in the coming quarters.

Overall, investing in stocks like SNC-Lavalin could yield handsome returns in the long term — without worrying about huge risks that come with cryptocurrency trading.

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