



Why SNC Lavalin Stock Surged 12% on Tuesday

Description

SNC Lavalin (TSX:SNC) stock surged 12%, as the company announced it won a US\$10 million contract and exceeded earnings estimates.

What happened?

SNC stock announced it won the Texas Water Development Board flood-risk plan for US\$10 million this week. The engineering contract will last three years and help the board develop and update its flood-risk plan. This would be the first state flood plan, providing statewide base level engineering work.

SNC stock also announced strong earnings this week to its [investors](#). The company saw a 14.5% increase in year-over-year revenue to \$1.9 billion during the fourth quarter. Furthermore, it reported a net loss of \$0.09 per share compared to a loss of \$1.84 per share the year before.

So what?

SNC stock finished the year strong, especially when it concerns the company's engineering services business. Management announced SNC met or exceeded its own expectations, yet it fell below earnings-per-share estimates. Its adjusted EBITDA rose 55.1% year over year, with full-year net income reaching \$100.2 million, or \$0.57 per share.

This showed investors that as other engineering companies struggle, SNC stock may indeed be able to meet its 2022 to 2024 targets — especially with another US\$10 million contract on board for the next three years.

Now what?

Analysts continue to weigh in after earnings and the new deal with the Texas board. While there is big

upside potential, one analyst at least remains unclear about how the company will reach that upside. This comes from a lot of potential losses in the future, related mainly to COVID-19 and supply-chain disruptions.

SNC stock continues to be one that investors remain [wary](#) of, especially after years of bribery and corruption behind it. While analysts believe the stock will continue to outperform, it may not be a steady ride.

Shares of SNC stock were up 10.3% on Tuesday at the time of writing. Analysts give it a target price of about \$41 — a potential upside of 32% as of writing.

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