



Air Canada (TSX:AC): The Greatest Comeback Story of the Decade

Description

Many TSX stocks brought happiness and [substantial monetary gains](#) to investors in the past 10 years. But one Canadian company stood out because of its remarkable turnaround. **Air Canada** ([TSX:AC](#))(TSX:AC.B) is the greatest comeback story of the decade. No company could have done it any better.

Dark years

The years during the first decade of the new millennium were the darkest for Canada's flagship carrier. Its business model broke in 2003 because of the war in Iraq. The company filed for and was given bankruptcy court protection from its creditors.

Air Canada's situation then was problematic, and it seemed no solutions were in sight. The company implemented a cost-cutting program, including a 20% reduction in annual operating costs. Its fleet was reduced by 13%.

To cut the story short, Air Canada was able to emerge from bankruptcy protection after an 18-month-long restructuring process. There was a significant reduction in the company's cost structure, while the balance sheet gained strength.

At the opening of the next decade, Air Canada appeared to be on the verge of another bankruptcy. The business was suffering in 2010 in the aftermath of the financial crisis. Aside from the weak air travel demand, the company was also dealing with a multi-million pension shortfall.

Air Canada's current president and CEO Calin Rovinescu incisively pulled the company from the pits to airlift the floundering airliner to a higher altitude. He was also the chief restructuring officer in 2003.

His feats include the resolution of pilot strikes, labour disputes, and the adoption of complex technological changes as well as fleet and branding updates. The company had to wrestle with volatile fuel prices and contend with the emergence of ultra-low-cost carriers.

Due recognition

The recognition of Rovinescu's successful stewardship and Air Canada's business transformation came in 2016. He was named Canada's Outstanding CEO of the Year and was duly inducted into the Canadian Business Hall of Fame.

Today, Air Canada is operating in more than 210 airports on six continents. This \$13 billion company is also among the 20 largest airlines in the world, with about 50 million customers annually.

This year, expect Air Canada to further increase its more than 50% market share in Canada's airline industry. The company is about to close its takeover of **Transat A.T.**

Phenomenal rise

On March 1, 2010, the stock was trading at \$1.50 per share. By mid-decade on June 30, 2015, the price was \$13.21, or a 780.67% climb. Air Canada ended 2019 at \$48.51. Had you invested \$10,000 in the stock within the same period, the total return is a staggering 2,085.14%, which is about a 37.16% average annual total return

Air Canada was also [one of the top performers last year](#). The stock gained by as much as 70.45%. Analysts covering AC are maintaining a buy rating. Their forecast in the next 12 months is a gain of 34.55% from its current price of \$48.31.

This top TSX stock is likely to scale greater heights and reward investors once more in 2020.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:AC (Air Canada)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date

2025/07/02

Date Created

2020/01/10

Author
cliew

default watermark

default watermark