



Could Air Canada Make You a Millionaire?

Description

It's hard to imagine being a millionaire in today's economy. Most people are struggling pretty badly right now. The COVID-19 pandemic has left many people without jobs, without businesses, and with little way of supporting themselves.

But putting money aside in the right stock could not only prove to bring in cash over the long run, given time, it could definitely make you a [millionaire](#). One stock with this potential is **Air Canada** ([TSX:AC](#)).

Air Canada has had a tough go as of late. The company soared to all-time highs just a few months ago, and have since been brought to lows not witnessed in almost a decade. So let's see what it would take for you to become a millionaire from this one stock.

The pandemic

What's important to remember right now is that Air Canada isn't to blame for its current losses. The company has been ravaged by the recent pandemic, with its fleet forced on the ground as everyone stays home.

What's really hurting the company right now is Air Canada recently reinvested in its fleet of aircraft. It now has a highly efficient line of aircraft ready to go, but nowhere to take passengers until flights are up and running once more.

The company also reinvigorated its operations and cutting costs so it could reinvest in its core business, and to acquire companies such as **Air Transat**. This acquisition is now on hold until after the pandemic, but it's still part of Air Canada's path to becoming a major player in the low-cost carrier business.

But when it's completed, the company will control 60% of the Canadian transatlantic market.

Looking ahead

Once the pandemic is passed, the company's financials should significantly improve. Air Canada has cash and assets to fall back on, though of course it will take years for the company to rebound completely from this significant loss.

There is also the possibility of a government bailout. So, once things improve, the company should be back trading at fair value within the next year.

If Air Canada continues on its previous trajectory, then a few decades from now investors should see a massive increase in share price.

Right now, the company is a steal with a price to earnings ratio of 60.16. That's pretty much all analysts believing the current situation is definitely not going to last. Investors today would pick up the stock for a discount of almost 60% compared to fair value.

Path to millions

To get to a million dollars, investors would definitely need to hold onto the stock for decades. Let's say the stock reaches fair value within a year, and continues on its similar path from there. A \$60,000 investment in your TFSA would bring in \$95,106.55 in just a year.

After that, let's say there is conservative growth in the future. That would mean investors could reach \$1,032,363.29 in just 25 years based on today's share price.

While I wouldn't imagine the company can recreate the [huge increase](#) in share price that was seen in the last five years, investors can still remain optimistic.

It could be a long time before we see Air Canada reach that \$50 share price again seen last November, but it's fairly likely it will reach that number again.

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