



Air Canada (TSX:AC) Flights Restarting: Is it Too Late to Buy?

Description

Air Canada ([TSX:AC](#)) is expected to resume daily flights from Vancouver to Kamloops by mid-June. The decision is still contingent on demand, which Air Canada is assessing. If the demand isn't consistent enough, Air Canada might pull back on the number of flights.

British Columbia's third phase of reopening is based upon the transmission rates. If they remain consistently low, the third phase will start in June. Air Canada's daily flights in and out of the province are among the "breaths of fresh air" residents will get to take in this phase. Though this may not make up for millions that the airline is bleeding out daily because of low international traffic, it's still better for the airline than operating at a mere 7% of its total capacity.

Even if it's just one step back to normalcy, can it mean a permanent shift in the stock's movement? Air Canada's stock is beginning to show some upside since the start of this month. If it really has begun to rally, is it too late to buy?

Is there still time?

If the stock isn't coming down at all in the near future, then it might be too late to benefit from the lowest valuation that Air Canada offered in this crash. But that doesn't seem likely. The company itself predicted a timeline for the expected recovery: three years. So, the stock will most likely recover in batches. As it did in the previous month, the stock fluctuated around \$16. It might dip again in the coming weeks, though not as much as before.

And that's if nothing goes amiss in Canada's and international air travel's road to recovery. A second wave of the pandemic is the most "anticipated" villain in this scenario, which can revert the country's reopening, putting Air Canada back on snooze mode. If that happens, you may see an even lower valuation and a better chance to buy it.

Should you buy it?

Again, that depends upon your projections of Air Canada's [recovery as a company](#) and the airline sector's recovery. But keep in mind that even if Air Canada does recover, it might not show the explosive growth that it did in the three years before the crash. Also, Air Canada's move with issuing bonds and shares means that it has [effectively diluted](#) the power of each outstanding share of the company.

This move will have even longer-standing repercussions for Air Canada investors. If you are willing to wait for three to five years, you may buy into Air Canada while it's still below \$20.

Foolish takeaway

Air Canada seems better prepared for the long road ahead compared to many other global airlines. But investors will have to bear a heavy toll on this long road to recovery. Even if it can't be said with certainty, it's highly likely that if you can bear to wait it out, you may get paid handsomely for sticking with the company. Even if it takes four years to reach \$50 a share again, that will result in a 250% growth for investors who buy it at \$20 per share now.

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