



## 3 Reasons I'll Never Sell Air Canada (TSX:AC) Stock

### Description

The ongoing COVID-19 pandemic — which started earlier this year in China — has brought at least hundreds of thousands of small businesses across the globe to the verge of collapsing. As the virus started spreading outside China, most countries started taking unprecedented measures, including the closures of businesses and international borders.

These measures not only made small businesses suffer, but many flourishing large companies also faced a severe crisis and are still struggling to recover. As a result, the shares of these large publicly listed companies crashed like never before, and who knows it better than loyal investors of **Air Canada (TSX:AC)**?

Air Canada stock was at its all-time high — exactly seven months ago — on January 14. Since then, the stock has crashed by about 70%. While I don't deny the severity of the ongoing crisis, I'll give you my three solid reasons never to sell Air Canada's stock.

### The worst already might be over

As the COVID-19 started hurting the airline industry, even Warren Buffett — one of the greatest investors of our times — seemingly panicked and sold all his airline stocks. It's interesting because he usually preaches that new investors avoid selling stocks in a panic, which is completely opposite to what he actually did this time.

If an investor like Buffett — who has spent all his life investing in stocks — can panic sell all his airline stocks, I wonder how other investors might have passed through this tough phase. Nonetheless, Air Canada investors need to understand that it's an industry-wide crisis that airlines are facing globally. So, you shouldn't be blaming Air Canada for it.

Before 2020, Air Canada's fundamentals were largely showcasing a positive trend and multiple signs of its improving financial condition. Between 2015 and 2019, its total annual revenue rose by about 38%. Therefore, even if I would ever want to sell any airline stock, it certainly wouldn't be Air Canada.

Also, with declining COVID-19 cases across North America, the worst already might be over for Air Canada investors.

## Air Canada is not just any airline

We shouldn't forget the fact that Air Canada is not just any airline company; it's Canada's flag carrier and the country's largest airline. With the way the Justin Trudeau administration has swiftly been trying to fix the economic damage caused by the COVID-19 so far, there are good chances that the government — if needed — would come forward to save the flag carrier.

According to some recent media [reports](#), the Canadian airline industry has already started seeking a government [bailout](#).

## Air Canada could come out stronger from the crisis

While the ongoing pandemic has been disastrous to most of the industries, it has also taught many valuable lessons to businesses across the globe by highlighting the uncertainties related to the business environment. The companies that manage to survive this crisis could come out stronger.

For example, Air Canada's management has been focusing on improving its cargo operations during the crisis. During its Q2 results, the airline revealed that it has operated over 2,000 all-cargo international flights since March 22. Now, it plans to optimize operations for cargo demand.

In my opinion, this sudden change in its overall operations is likely to make some sustainable changes in Air Canada's business model. As a result, the airline might be better prepared for any such crisis in the future with a much-diversified business approach.

## Foolish takeaway

These are my top three reasons why I wouldn't sell Air Canada stock right now. Despite tanking by nearly 70% this year, its stock is still trading with about 676% gains in the last 10 years. I believe any positive news either related to a government bailout or a COVID-19 vaccine in the coming months could trigger a sharp recovery in its stock and reward its loyal investors.

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