Air Canada (TSX:AC) and Other Stocks That Could Make You a Fortune Post-COVID

Description

Air Canada (TSX:AC) and many other Canadian stocks that have been feeling the full force of the COVID-19 impact have been treading water, as the rest of the stock market went on to stage a remarkable rebound. Some health experts think we're due for the advent of an effective vaccine within a year. And if that's the case, Air Canada and many other COVID-hit companies could stage epic rebounds that could make shareholders a small fortune.

The following beaten-up Canadian stocks could have a multitude of upside if we're due for the elimination of COVID-19 in 2021. On the flip side, they could be flirting with insolvency if a bear-case scenario ends up unfolding and this pandemic drags for many more years to come.

The following stocks aren't for the faint of heart and are more of a speculative bet than a sound investment, so if you're not looking for a high-risk/high-reward play, or you're not optimistic about the timely advent of a coronavirus vaccine, it may be wise to steer clear of the following names.

With that warning out of the way, consider the following high-upside bets if you consider yourself a fearless young investor who's looking to prepare for a post-COVID world.

Air Canada

Air Canada has seen the COVID crisis blow a hole in its top line. The once highly profitable airline is now facing its most formidable challenge to date. The longer this pandemic drags on, the tougher the road will be for the Canadian airline that could find itself fighting for its life. Fortunately, the company has raised enough liquidity to weather this crisis and improve its chances in the post-COVID world.

Simply put, if an approved, effective coronavirus vaccine lands next year, Air Canada is a buy, because I have a feeling that pent-up demand will send Air Canada stock back to the skies once it's completely safe to board a plane without running the risk of contracting COVID-19.

Footer Tagline

If it takes longer to eliminate the virus, Air Canada may be put on life support, as cash burn rates erode its balance sheet over time. The airline, which derives a big chunk of revenue from international flights, has done a decent job of improving its chances of making it out of this crisis on under its own power. But in an era of COVID-19, airlines will be massive money-losing businesses. Some may exhaust their liquidity reserves before the vaccine lands, and that's the real risk for investors.

Cineplex

Cineplex ([TSX:CGX](#)) is another firm that would be uneconomical amid a lengthened global pandemic. The company recently opened its doors to its locations. With a suite of must-see blockbuster epics, including *Tenet*, you'd think that the worst is finally behind the movie theatre giant that's seen its revenues fall off a cliff.

With enhanced safety measures and social-distancing practices in place, Cineplex will find itself spending more money to get fewer bums in seats. But at the very least, the firm can salvage enough cash flow to keep its lights on and improve its chances of seeing the post-COVID world. Given Cineplex's sub-par balance sheet, however, an investment in Cineplex isn't without its risks. The company looks to be in dire shape such that if a lengthening of theatre shutdowns happens, the firm could find itself flirting with bankruptcy.

Fortunately, I think the worst is behind us as far as this pandemic is concerned. If various provinces can continue moving up their phase-based reopenings, I suspect there's an increasing chance that Cineplex could dodge a bullet and see its stock [soar](#).

Will Cineplex survive?

I think so. But for now, it'll be skating on thin ice.

CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:AC (Air Canada)
2. TSX:CGX (Cineplex Inc.)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Investing
3. Stocks for Beginners

Date
2025/08/02
Date Created
2020/08/28
Author
joefrenette

Footer Tagline

Footer Tagline