



3 Reasons I'll Never Sell Air Canada Stock

Description

There are a lot of opinions surrounding **Air Canada** ([TSX:AC](#)) right now. Some say the company is doomed to fail. Others say it'll take years to be where it was just a few months ago. And still others say this is the best opportunity to come to investors since Air Canada stock bottomed out in 2012.

But here's the thing: I will *never* sell Air Canada stock until I absolutely have to. Here are three reasons why.

Time

I'm a millennial. While I do have responsibilities, like kids, a car, and a house, I definitely don't have to worry about selling all my investments to live off them for retirement. That means I have a significant amount of time. So, why on earth would I sell and take a loss when I can simply wait?

And when it comes to Air Canada stock, I could certainly be rewarded for my patience. I didn't buy the stock at all-time highs, but at around \$20 per share. Right now, I would take a loss. But if you look back to 2012, the company hit rock bottom of around \$1 per share. So, if we travel that same trajectory, with the company falling to \$9.26 back in March and growing by 4,900%, we could be looking at shares of \$453.94! In my case, my shares would have grown by about 2,150%! I'll take it, even if it takes a while.

Reinvestment

And it really could take a while. The pandemic hit the company hard, with earnings plummeting thanks to COVID-19. Travel restrictions brought travel down 96%. Revenue dropped by 89%. The company had an operating loss of \$1.555 billion. It does not look good for Air Canada stock shareholders right now.

But before the crash, the company did a lot of reinvesting. There was [reorganizing](#) of flights to be more efficient. There was buying of new fleets of aircraft that were more fuel efficient. There was even the acquisition of Air Transat, which gave Air Canada ownership of 60% of the market.

That reinvestment will eventually pay for itself, even if it takes a long time. Once the pandemic is over, Air Canada will ramp up and be able to pay down debts. No one can say how quickly, or whether it will get some government help, but you can be fairly certain it's not just going to close up shop. Then, for your patience, Air Canada stock should surge after debts are paid.

The surge

How will Air Canada stock surge? The company has had to make significant changes because of COVID-19. But it's had to make these changes before. Back during the SARS epidemic, the airline had to ground about 60% of its fleet of vehicles. After the epidemic, the company reported bankruptcy, did the restructuring I've mentioned, and was able to come back on the TSX.

This was back in 2003. Fast forward a decade later, and the company finally turned a profit. In just a year, shares in the company quadrupled. Two years after that, shares doubled again. Then there was a steep incline until the crash back in March.

Bottom line

I want to be clear: it took a [whole decade](#) for the company to rebound. It could very well take just as long or even longer for Air Canada to reach pre-COVID prices yet again. It may even file for bankruptcy, as it did before, and that could send shares even lower. But I believe it will fight through this, and I will be there to meet it on the other side.

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