



Air Canada (TSX:AC) CEO Steps Down As Stock Crashes!

Description

Recently, **Air Canada** ([TSX:AC](#)) announced that its CEO Calin Rovinescu was stepping down amid a terrible year for the company. In 2020 so far, AC has lost \$2.75 billion and seen its stock price decline more than 60%. Last week, the company's stock tanked yet again after a few months of surprisingly strong gains.

The timing of Rovinescu's departure is interesting. The fact that he's stepping down isn't proof of anything, but it may be a signal that things are only getting worse for Air Canada. Certainly, it's common for CEOs to leave when their companies are faltering—Bruce Linton and Allain Bellemare come to mind.

So it's worth exploring whether Air Canada's current woes have anything to do with Rovinescu's departure. We can start by looking at what the company itself is reporting.

Why Rovinescu is stepping down

Air Canada's press release on Rovinescu's departure doesn't include many details on *why* he's leaving. It does include several quotes from Rovinescu himself. One of them summarizes his career at the company. Another provides a brief overview of where Air Canada stands amid the COVID-19 pandemic:

While Covid-19 has decimated the global airline industry, fortunately we entered the pandemic much healthier than almost any other airline in the world as a result of our strong balance sheet, track record and engaged workforce. Our Covid-19 Mitigation and Recovery Plan is now nearly complete and the remaining steps will be put in place prior to year-end.

This quote doesn't prove that Air Canada's COVID-19 losses have anything to do with Rovinescu's departure. However, it does suggest that these issues were on Rovinescu's mind when he decided to call it quits.

A disastrous year

There's no denying that 2020 has been a disastrous year for Air Canada. It has been tough for all airlines, but AC has done worse than some similar companies. **Delta**, for example, managed to keep more liquidity intact through the pandemic than Air Canada did. **Cargojet**, meanwhile, is actually posting year-over-year growth. But Rovinescu is right that all airlines—at least *passenger* airlines—have gotten “decimated.”

Air Canada's own numbers are a perfect case in point. In 2020 so far, Air Canada has...

- Lost \$2.75 billion
- Cut about [90% of its routes](#)
- Seen [revenue decline 89%](#)
- Laid off a huge percentage of its workforce
- Struggled to issue refunds and travel vouchers

It's a pretty similar story for Air Canada's competitors. Basically, the COVID-19 pandemic created a situation in 2020 that airlines were unable to cope with. As a result, they're all getting trashed in the stock market.

Foolish takeaway

Ultimately it's impossible to prove that Calin Rovinescu stepped down because of Air Canada's poor performance in 2020. But the timing is definitely interesting. The last few high-profile Canadian CEO departures—Linton and Bellemare—correlated perfectly with their companies declining in the markets. It's a similar story here. Overall, probably not bullish for AC stock.

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