



## Is Air Canada (TSX:AC) Stock About to Take Off?

### Description

**Air Canada** ([TSX:AC](#)) stock soared more than 20% last week after the airline released its latest quarterly results on Nov. 9. Although the company continues to struggle amid the COVID-19 pandemic, the good news for investors is that the situation is at least not getting any worse. For the period ending Sept. 30, Air Canada's sales of \$757 million were still down more than 86% year over year, but they were an improvement from the \$527 million that the company reported in the second quarter.

The Quebec-based company's operating loss of \$785 million was also down considerably from the \$1.6 billion loss it incurred in Q2. Air Canada has been continuing to find ways to slash its costs as operating expenses of \$1.5 billion in Q3 were down from \$2.1 billion in the previous period. It's a good sign that the company's not running out of expenses to trim, as this was a [key item I was looking for this period](#). Although the company continued to chip away at its cash balance, its total cash and cash equivalents of \$7.8 billion is still fairly high, down \$869 million from the previous period when it totaled \$8.6 billion.

Air Canada is also slowly working on a resurgence in air travel, as it announced on Nov. 10 that its new Aeroplan program is up and running. The company is offering more flight rewards and allows family sharing where points can be combined with family members.

### Should investors be bullish on these results?

Not a lot has changed for Air Canada in its most recent results to suggest that the company has turned a corner or that the worst is over. The company's actually under fire for refusing to issue refunds for flights that have been cancelled. One lawsuit filed in New York stated that "Air Canada changed its refund policy after it sold thousands of tickets to customers like the Plaintiff in a belated attempt to legitimize its unfair practice of denying customers refunds."

A tightening up of Air Canada's refund policies could negatively impact sales in future quarters, and that problem could be exacerbated by future lockdowns, as COVID-19 cases continue rising.

Although there's the excitement that a vaccine for COVID-19 may not be far away, investors shouldn't

forget that the International Air Transport Association is still expecting that [air travel won't recover until 2024](#). It's a long road ahead for Air Canada, and there are still many obstacles in its way. The stock has been rallying of late, but investors shouldn't get caught up in the recent hype.

## Is Air Canada stock a buy today?

Investing in Air Canada could pay off for investors if they're willing to be patient and wait until potentially 2023 or 2024 when air travel is back to where it was before the pandemic — and even that's not a guarantee. If you're hoping for the stock to make you rich with strong returns within just a year or two, you could be sorely disappointed. But if you're willing to be patient and hang on for more than just a couple of years, this could be a great investment.

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### Date

2025/08/18

### Date Created

2020/11/16

### Author

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