Can Buying Air Canada (TSX:AC) Stock Make You a Millionaire?

### Description

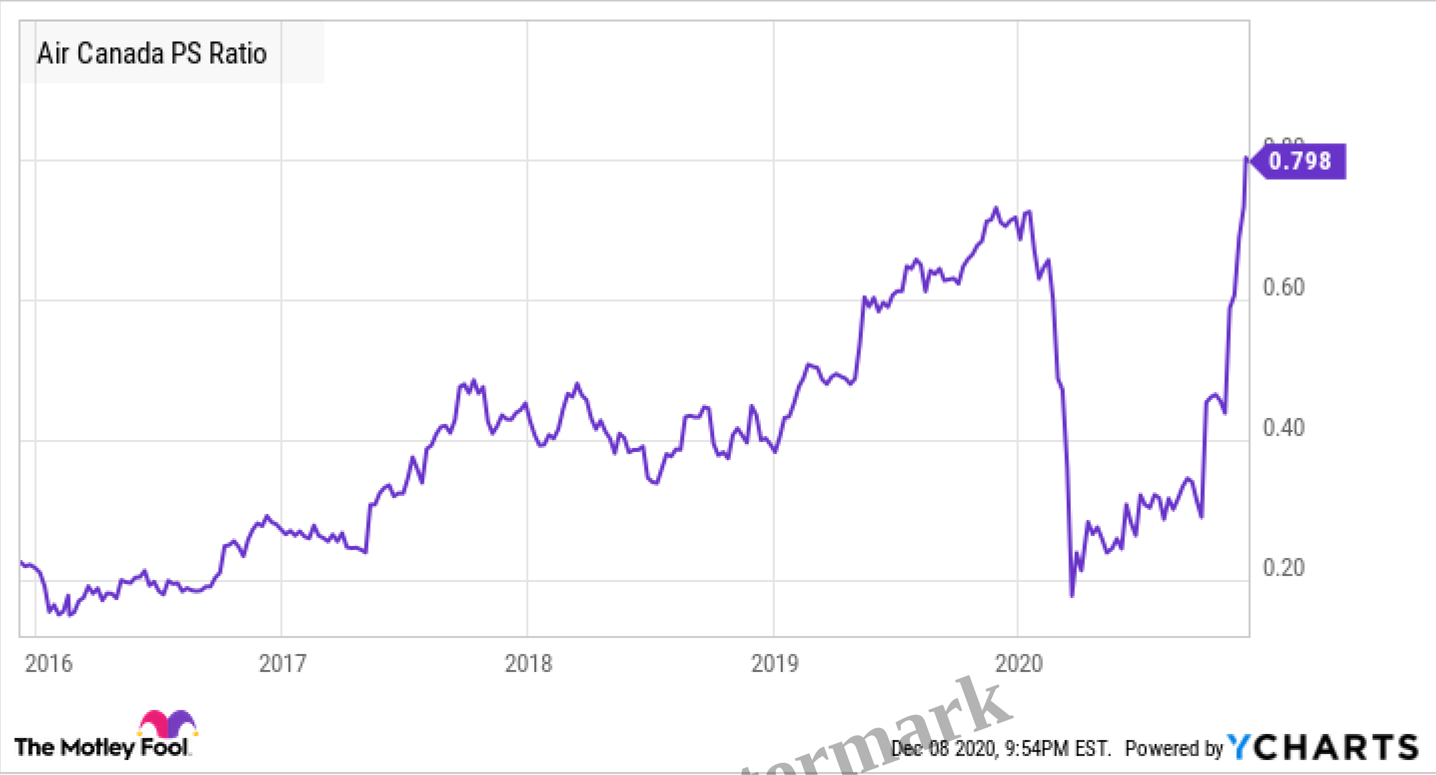
**Air Canada** (TSX:AC) and other airlines are struggling right now. Travel is down, and it could take years before the industry gets back to where it was before the COVID-19 pandemic struck and disrupted businesses. However, taking the contrarian approach and buying when times are tough and stock prices are low can lead to some significant gains later on. During the market crash earlier this year, Air Canada stock fell as low as $9.26. It has gone on to triple since then, and that's within a span of just nine months.



From 2010 through to the end of 2019, Air Canada stock climbed more than 3,500%. From just $1.35 to close out 2009, the stock would reach a price of $48.85 before 2020 would arrive. Investing $30,000 into the stock roughly 11 years ago would have been enough for you to own 22,222 shares. By the end of 2019, those shares would have been worth more than $1,085,000. It's a good example of how investing in a stock after some challenging economic conditions can lead to incredible returns. But the big question is, can those returns be replicated?

## How high can Air Canada stock go?

Before the pandemic, Air Canada stock was trading above $50, and getting back to that level would mean the stock would nearly double in value from where it is today. It's a plausible scenario, especially if you're willing to wait out a recovery in the airline stock. But whether it can go much higher than that is uncertain. Over the past five years, this hasn't been a stock that investors were willing to pay much of a premium for, with Air Canada's price-to-sales ratio trading well below one:




*AC PS Ratio data by YCharts.*



Given its exposure to the price of oil and the impact the commodity can have on its bottom line, the stock can be a bit of a risky buy. Today, the added complexity of the pandemic poses another risk: how much of corporate travel will return? With many businesses now using **Zoom** for videoconferencing, the need for air travel may not be as strong as it once was. Companies' financial statements have also taken a beating this year, and spending money on travel will likely be given a second thought, even once the economy is back on its feet.

## Bottom line

Air Canada stock isn't as cheap as it was in 2010, and with the airline facing possible headwinds relating to business travel in the future, investors shouldn't expect the stock to skyrocket a whole lot higher than where it was earlier in the year. So, the short answer is, no, you shouldn't expect Air Canada stock to make you a millionaire. The days of buying the stock at dirt-cheap lows are long gone, and with the stock now around $27, even the prospects of doubling may not be as likely, at least not anytime soon.

The stock could still generate some good returns from here on out, but investors should temper their expectations, as it's far from a sure thing how things will play out for Air Canada even once the pandemic is over.

**CATEGORY**

1. Investing

**POST TAG**

1. Editor's Choice

**TICKERS GLOBAL**

1. TSX:AC (Air Canada)

**PARTNER-FEEDS**

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

**Category**

1. Investing

**Tags**

1. Editor's Choice



**Date**
2025/07/01
**Date Created**
2020/12/09
**Author**
djagielski