



BUY ALERT: 2 Reasons to Add Air Canada Stock Today

Description

Air Canada ([TSX:AC](#)) has nearly passed through a full year under the yoke of the COVID-19 pandemic. This crisis has paralyzed the airline industry. Shares of Air Canada have dropped nearly 50% over the past year as of early afternoon trading on February 18. However, the stock has increased 3.4% in 2021 so far. Investors have warmed up to Canada's top airliner as hopes for a reopening abound. Today, I want to discuss why Foolish readers should pounce on the stock today.

Vaccines en route: Canada is righting the ship

Canadian political leaders have attracted criticism, as the country has failed to secure the vaccines that it aimed to in the initial stages of 2021. However, there are promising signs that Canada is catching up to its peers as we look ahead to the spring. The federal government unveiled an updated vaccine timeline this week. It now expects that roughly 14.5 million Canadians will be able to be immunized by the end of June.

If additional vaccines are given approval by Health Canada, up to 24.5 million Canadians could be fully vaccinated by the beginning of July. Vaccines currently under review include AstraZeneca, **Johnson & Johnson**, and **Novavax**.

This is great news for Air Canada and its peers in the airline industry. If Canada can achieve its lofty goals by the beginning of the fall, the top Canadian airliner may be able to return to business as usual in the last months of 2021.

Air Canada is about to receive a big bailout

Recent reports indicate that the federal government and Air Canada's leadership are close to a bailout deal. The company has refrained from offering refunds to its many clients, unless it receives assistance from the Canadian government. That assistance appears to be close at hand. Canada has been the only country in the G7 to avoid offering financial assistance to its airlines.

Any deal will be contingent on Air Canada agreeing to refund its customers. Moreover, no financial aid will be redirected to executive bonuses.

Why the stock is still a bargain today

Air Canada released its final batch of 2020 results on February 12. Total revenues plunged 70% from the prior year, primarily due to the devastating impact of the pandemic on the company's business. It reported a negative EBITDA of \$2.04 billion. Moreover, it reported an operating loss of \$3.77 billion. The company's unrestricted liquidity stood at \$8.01 billion as at December 31, 2020.

In January, I'd [discussed](#) whether investors should add Air Canada stock to kick off the year. The company had endured a bleak 2020, but I'd recommended that investors stick with Canada's top airliner. It is still positioned for promising growth in the long term. The company has survived perhaps the worst year in the history of commercial aviation. Air Canada learned the lessons of the Great Recession. The company had a balance sheet worthy of weathering the crisis.

Canada's provinces are steadily returning to business as the winter winds to a close. Air Canada will follow and should be ready for take off by the end of 2021.

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Date

2025/08/28

Date Created

2021/02/18

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