



2 Growth Stocks That Can Outperform Air Canada (TSX:AC)

Description

Air Canada ([TSX:AC](#)) remains at the top of investors' minds when it comes to growth in 2021. There have been several surges in share price, but the stock still remains in the \$20 range. The company was up to around \$50 before the crash. After falling to about \$9 per share, it trades at around \$30 as of writing.

While some might look at this as a potential upside of 66%, I'd caution that there are better, safer growth stocks out there. While I'm bullish long term, right now I'm not touching the stock.

Here's why

That Air Canada stock is going to drop again is pretty much a given. While it's likely the company will see government aid, it's simply racked up too much debt. That debt isn't going to come down anytime soon. The company already invested in a fuel-efficient fleet of aircrafts, Aeroplan, and **AirTransat**.

While these are great long-term prospects, the company is racking up costs in the short term. There are more likely in the pipeline, with the company likely having to invest in safer practices to convince passengers to return to the airline. It also means it will have to come up with a new business strategy. While it once relied on U.S. passengers taking long-haul flights with a layover in Canada, these business clients will have to be replaced by shorter flights. This is an area that will take investment.

Long-term, of course, the fuel-efficient aircrafts and investment into new offerings will be great for Air Canada. So if you bought and held for a decade you're fine. But if you're looking for growth in the next year or so, consider these instead.

Lightspeed stock

There's a reason **Lightspeed POS Inc.** ([TSX:LSPD](#))([NYSE:LSPD](#)) has been doing so well. Revenue exploded during the pandemic, and while that growth is likely to slow it's certainly not going to stop. The e-commerce company could become the next major competitor. And after a pullback, investors

could see shares rise by 33% in the next year back to all-time highs!

What's great about Lightspeed is you can still expect strong growth even after the pandemic. While it has a cloud-based platform, it also helps brick-and-mortar locations. So you get the best of both worlds. The company has been expanding through acquisitions as well, so this year could be a year of incredible [growth](#) similar to 2020, if not as high.

Suncor Stock

If you want to play the oil and gas [rebound](#), you have to go with a stock like **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)). The oil and gas sector has been on a tear with the pandemic ending in sight. Production is ramping up, and that means Canada's largest fully integrated oil and gas company will be one of the first to benefit.

The company should never have crashed the way it did, and you can blame fearful investors for that. Long-term investors hopefully saw the opportunity and snatched up the stock when it reached that \$15 per share mark. Today, those shares are up 99%! Yet to reach all-time highs, those shares still have a potential upside of 140% as of writing!

Shares could double again this year as the oil and gas sector rebounds. The company has its investments in the Alberta oil sands to look forward to, along with a return to normalcy. And it's an incredible deal at a 1.1 P/B (price to book) ratio. On top of that, I'm sure management will want a return to its dividend after the 2020 cut, meaning you'll see a jump in both shares in dividends all at once!

Foolish bottom line

It's been an exciting start to 2021, and it's likely going to get better for investors. Yet that's not enough reason for me to add more Air Canada stock to my portfolio. I'd rather play a wait and see approach, and look into market-beating growth stocks like Lightspeed and Suncor stock.

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:AC (Air Canada)
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