



Air Canada (TSX:AC) Beggings Trudeau for Help After \$1.3 Billion Loss

Description

Just recently **Air Canada** ([TSX:AC](#)) revealed its first-quarter results. Featuring a massive \$1.3 billion loss, they were widely seen as disappointing. While the airline did beat on revenue, overall results were among the poorest since COVID-19 hit North America last March.

In the earnings report, Air Canada's CEO Calin Rovescu begged the Trudeau government to re-open air travel, as the U.S. did recently. Claiming that rapid testing could eliminate the need for self isolation, he urged the government to re-consider its policies.

Presently, Canada is experiencing one of its worst COVID-19 surges yet, with much of the country locked down. Quarantine-free travel is nowhere in sight. Yet Air Canada [believes it's time to re-open](#), as it will lose even more money in the year ahead otherwise. In this article I'll explore Air Canada's calls for Trudeau to re-open travel, and whether they have any chance of working.

Some rough first quarter metrics

Air Canada's first quarter earnings release had some rough metrics. Highlights included:

- A \$1.3 billion net loss.
- \$729 million in operating revenue—[down 80% year-over-year](#).
- \$-763 million in negative EBITDA.
- A \$1.05 billion operating loss.

These results were among the worst Air Canada posted in the trailing 12 month period. For a while, the company looked like it was on the upswing. The **Pfizer** vaccine announcement led to the stock rallying hard, as people expected travel restrictions to be eased with mass vaccination. So far, that hasn't happened. Most Canadian provinces have self isolation orders for out of province travelers. Even the Atlantic region, which used to allow free travel, now has self isolation orders in place for travelers within the region. It's been a long, painful road. And airlines won't be able to become profitable again until it's over.

Can the federal government realistically re-open travel?

While Air Canada wants the federal government to re-open travel, it's not entirely clear that it can. Many of the travel orders in place have been implemented by the provinces. For example, the decision to not re-open the "Atlantic Travel bubble" in April was made by politicians in the region, not the Federal government. The Federal government does have some sway over *international* travel.

For example, it can issue travel advisories and require foreign visitors to self-isolate upon entering Canada. But those same travelers will still have to abide by provincial self isolation rules when they enter. So, even if Trudeau and his government wanted to, it's not clear that they could bring back air travel in the way AC wants.

Foolish takeaway

The past year has been one of the most challenging in Air Canada's history. It lost \$4.5 billion in 2020 alone, and added \$1.3 billion to that loss in the first quarter of 2021. Already, it's looking like 2021 will be another losing year for the company. The question is whether it will be able to bounce back in 2022.

Most experts believe that the COVID-19 pandemic will be over by then. If that's the case then Air Canada will be able to get moving again. For now, it remains in a rough place.

CATEGORY

1. Coronavirus
2. Investing

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. Coronavirus
2. Investing

Date

2025/08/14

Date Created

2021/05/11

Author

andrewbutton

default watermark

default watermark