Forget Air Canada Stock (TSX:AC): This Stock Could Double in 2021

Description

Air Canada (TSX:AC) remains at the top of investor minds, as the pandemic comes to a close. With millions of Canadians now receiving not one but two doses of the vaccine, travel could soon be made available. Air Canada stock itself has been asking for the government to release a tourism plan. And one may be announced before September.

Why is September important? That's when the holiday rush occurs. Consumers are looking to travel, and the holidays are the perfect time to do it. If travel restrictions are finally more lax, we may actually be able to leave the country for the first time in almost two years.

But while Air Canada stock is a great choice, I don't like the attention placed on it. This makes it a volatile stock that consumers could pump and dump out of fear. Instead, I would consider this stock instead.

Own ONEX

Ever wonder what happened to WestJet? It was bought up by this company: **ONEX** (TSX:ONEX). This private equity firm runs on making acquisitions. Specifically, it wants to big companies, and that included WestJet. The firm itself aims to invest between $125 million and $1 billion in companies with minimum $300 million revenue. But beyond the numbers, it wants a company that has a large place in the market.

That included WestJet, when ONEX bought it the year before the pandemic hit. Of course, the timing was terrible, and shares of ONEX dropped by 54% during the crash. But since then, shares have been on the rebound — and a lot more steadily than Air Canada stock.

Whereas Air Canada stock has remained around $25 to $30 per share for months, ONEX has been on an upward trend. In the last year alone, shares are up 43%. Since the crash, those shares are up 112%! This is thanks to its diverse range of investments, with the cash available to see WestJet back in the air.

Deep value

But despite this growth in share price, the company is incredibly valuable. Shares trade at a whopping three times price to earnings and 0.8 times book value! That's value on value. That's no longer the case with Air Canada stock.

And while both are in the same boat when it comes to travel, WestJet is likely to see increases before Air Canada. First, it has ONEX backing it with its diverse high-growth assets. Second, it offers a low-cost carrier. This is significant. While Air Canada stock has tried to get in on this market, it remained focused on business long-haul travel. That is still not available and likely won't be available on a consistent basis for quite some time.

Meanwhile, WestJet will see its short haul flights increase far sooner than Air Canada stock flights. Travel restrictions will come down from these shorter flights that provide less risk of exposure. So, ONEX is quite likely to see revenue climb as a result. In fact, while Air Canada stock is drowning in debt, ONEX has seen a net profit of US$415 million during its latest report! And it continues to make acquisitions for further growth.

Bottom line

You can still get in on the travel rebound without investing solely in Air Canada stock. If you want quicker returns, invest in ONEX. This is a strong option for Motley Fool Canada investors seeing sustainable growth and a diverse portfolio. But you'll still get in on the action when travel restrictions are lifted — hopefully, by September.

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Author
alegatewolfe