3 Travel Stocks That Aren't Air Canada Stock (TSX:AC)

Description

Don't get me wrong. I like **Air Canada** (TSX:AC) stock as an investment. I do! In fact, you'll see below that I own it. But here at Motley Fool Canada, we like to recommend long-term investments. That's why I bought Air Canada stock a few years ago and have since been leaving it alone during all this turmoil. But where I have turned my attention is travel stocks in general.

Air Canada stock is a travel stock that frankly has a long road ahead. While I do believe shares could climb by the end of the year, it may not be sustainable. It has too much debt and too much uncertainty for me. However, these three stocks don't fall in that category. So, I'd buy them all day over Air Canada stock right now.

Onex

If you want the rebound opportunity of Air Canada stock without the worry, then you want **Onex** (TSX:ONEX). The company bought up WestJet before the market crash and pandemic. Sure, it was not the best investment move. But luckily, it has plenty of cash on hand. That's because ONEX focuses on investing in large enterprise companies with growth potential. Even during the pandemic, it was still growing.

During its latest earnings report, Onex saw its investing capital per share grow by 7%, with private equity investments generating a gross return of 8%. Net earnings totalled $472 million, and it had $910 million of cash and near cash on its balance sheet. It now has assets under management worth a whopping $31 billion.

All this is to say that the company is not struggling like Air Canada stock. It has the funds available to support a full recovery with WestJet. Shares are up 45% this year, and you get a little dividend yield of 0.46% as a bonus. And with a price-to-earnings ratio (P/E) of *three*, it's an absolute steal.

Cargojet

It wouldn't be a travel article without including **Cargojet** (TSX:CJT). Sure, Cargojet isn't like Air Canada stock. It's involved in, you guessed it, cargo. The growth in e-commerce this year sent shares of the company soaring. But it also then sent shares crashing when worry set in that the company couldn't keep up with pandemic growth.

But that's simply not the case. The end of the pandemic will be good for the company, not bad. It's been using its cash to buy up further international destinations, and more aircraft to boot. It's also now comparing its year-over-year earnings to when the crash occurred, and the news is good.

Total revenue during the last quarter grew to $160.3 million, with its adjusted EBITDA reaching $64.2 million, up 4.3%. And finally, its free cash flow totalled $35.2 million during the quarter, increasing an incredible 18.1%. So, the company is set for future growth. Yet this top Motley Fool Canada stock continues to be a bargain. Shares are up 20% for the last year but down 28% since November 2020 highs. So, I'd grab this stock before the next earnings report sees it climb higher.

Alimentation

True, Air Canada stock is an airline stock. Both of the last two stocks fall into that category. But **Alimentation Couche-Tard** (TSX:ATD.B) may not be an airline stock, but it certainly can be considered a travel stock.

The company saw revenue drop during the pandemic, and COVID-19 continues to be a struggle. Even though it's now an international operation, its fuel sector saw a drop of 19.9% during the last quarter alone. However, its retail segment continued to rise, despite the challenges. As more people become vaccinated and commuter travel ramps back up, Couche-Tard is all set to rise.

That's what the company continues to hope for. Even with a strong balance sheet, it sold off 355 locations to bring in more cash. This could be for more investments and the continuation of its share-repurchase program. And with a P/E ratio of 14.5, it remains a great bargain, even with shares climbing 9.5% in the last year.

Bottom line

I'm not saying you shouldn't buy Air Canada stock. But I'm definitely saying there are other options if you want growth in the travel industry. Motley Fool Canada has plenty of long-term-hold options. I would also add these three to your watch list.

CATEGORY

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2. Investing
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TICKERS GLOBAL

1. TSX:AC (Air Canada)
2. TSX:ATD (Alimentation Couche-Tard Inc.)

3. TSX:CJT (Cargojet Inc.)
4. TSX:ONEX (Onex Corporation)

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alegatewolfe