



Could Air Canada Stock Double in 2022?

Description

Air Canada ([TSX:AC](#)) may be a wildly popular reopening play that some think could be their ticket to a timely double. But given the recovery from the pandemic has not been even across industries (air travel has sagged, while retail has bounced back quicker), it may be a wiser idea to put money in the names that could have a far [brighter](#) (and booming) recovery trajectory over the next 18 months.

With insidious variants of COVID-19, seasonal waves and travel restrictions could become the new normal for years to come. It's sad to think about, but realistically, it'll be tough to inoculate the world quick enough to eliminate the coronavirus, at least over the foreseeable future. Air Canada is an internationally focused airline — arguably, the worst place to be in a pandemic whose end may lie far in the future.

To make matters worse, airlines are expensive to run. The magnitude of cash burn has the potential to be absurd, and with few options other than government support to make it through the other end of the crisis, Air Canada stock remains a [risky](#) proposition.

A tough spot for Canada's top airline

We have no idea when or if 2019 levels of business will be met again. Restaurants and retailers were able to adapt to the new normal we currently find ourselves in, with fast-food behemoth **Restaurant Brands International** investing heavily in drive-thrus and digital solutions. Other battered firms, like movie theatre giant **Cineplex**, have also adapted with the times. And as a more domestically focused firm than the likes of an airline, the firm isn't at risk of a "cash bleed out" in the unfortunate event of another long-lasting lockdown.

Air Canada's management has done an incredible job of improving its operations. The pandemic really was a punch to the gut of a firm that could do no wrong, at least from an operational efficiency standpoint. With a heavy reliance on exogenous events, Air Canada is a tough investment here. I think there are easier ways to double up these days.

Although I think the government will be standing by with more cash and relief should Air Canada run

into financial difficulty again, I'm not so sure that Air Canada stock could double up from here over the next year. Let's just say Air Canada stock doubling up by the end of 2022 isn't the most probable scenario.

Still, if the right cards fall into place, it's possible, albeit improbable.

Air Canada: The route to a double

What needs to happen for Air Canada stock to recover to 2019 levels of business and more than double up? The WHO (World Health Organization) is pushing for 70% of the global population to be vaccinated by June 2022. It will be no easy task. Although 70% has been a magic number thrown around to signal herd immunity, there's a risk that the number could be much higher.

Bottom line

In any case, I believe that most other reopening plays, such as Cineplex, will have fully recovered before Air Canada has a chance to. Why? Around 73% of Canadians have already been vaccinated, with 64% that have received one dose. The path to 70% is near and, with that, the route to normality for domestic reopening stocks.

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