



## 3 Reasons to Buy Air Canada (TSX:AC) Stock Now

### Description

The **Twitter** account of Canada's flag carrier hasn't been as active as in September 2021. Besides travel advisories and flight destinations, **Air Canada** ([TSX:AC](#)) tweets friendly reminders to returning passengers this summer. One tweet caught my attention, because it said airports are busier than normal.

You can't help but empathize with investors, who have been longing for another [great comeback](#) by Air Canada since the COVID-19 struck in March 2020. The airline stock ranked seventh in the inaugural TSX30 List of [growth stocks](#) in 2019. Management boasted 27 consecutive quarters of profits in pre-pandemic.

The business has suffered enough due to border closures and travel restrictions. The government's vaccination campaign helped contain the spread of coronavirus and reduce infections. Right now, there are three reasons investors should [buy the airline stock](#).

### Rebuilding of the global network

As early as July this year, Air Canada released its planned flight schedule for the summer of 2021. Its senior vice president, Network Planning and Revenue Management, Mark Galardo, said, "As travel restrictions ease across the globe, we are committed to rebuild our international network and continue as a global carrier to connect Canada to the world."

Galardo reiterated that the health and safety of Air Canada passengers are the top priorities. The company plans to develop additional markets and pursue new opportunities before passenger travel demand returns to pre-pandemic levels. Because of the surge in summer travel, it has come to a point where the airline has to seek volunteers.

Air Canada is undergoing growing pains of recovery. The air passenger traffic has swelled in late August and early September. While lack of workforce is a pleasant problem, it must be addressed to avoid flight cancellations and missed connections. However, only salaried management will do volunteer work to cope with the volume.

## Complementing cargo division

Air Canada continues to capitalize on hypergrowth in e-commerce and its cargo advantage in North America. In mid-August 2021, the airline joined the rates platform of the International Air Transport Association (IATA). Matthieu Casey, senior director, Cargo Global Sales & Revenue Optimization for Air Canada Cargo, said working with IATA Net Rates will accelerate the segment's digital evolution.

Air Canada Cargo can automate its rate distribution securely to freight forwarders worldwide. According to Casey, the initiative couldn't come at a better time. He looks forward to business growth with the arrival of new dedicated freighter aircraft soon.

In Q2 2021, Air Canada's cargo division was the bright spot, as it compensated for the weak passenger travel demand. The 3,257 all-cargo flights during the quarter resulted in a \$274 million record revenue. By the fourth quarter of 2021, Air Canada Cargo will feature an all-cargo fleet (eight aircraft) and two 767 freighters in service.

## Shrinking cash burn

Air Canada reported a \$1.13 billion net loss in Q2 2021, although operating revenue increased 58.8% versus Q2 2020. However, the best news to investors was the shrinking net cash burn. Management projects a lower average daily cash burn of between \$3 million and \$5 million (\$280 to \$460 million for the quarter) in Q3 2021. The \$8.09 billion airline company also paid a total of \$997 million in refunds to customers.

## Upside potential

Market analysts recommend a buy rating for Air Canada. They forecast a 33.1% potential upside from \$22.80 to \$30.34 in the next 12 months.

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