



Forget Air Canada (TSX:AC) Stock: Here's a Company That Has a Much Brighter Future!

Description

Air Canada ([TSX:AC](#)) has gotten a lot of attention in recent months, and it's hard to really understand why. The business isn't in great shape, and many investors are betting on a turnaround and hoping that they'll be able to cash in on some great returns from the stock in a year or two. But the reality is, that's far from a sure thing. It may get a bailout if COVID-19 continues to destroy its profits, and the government may even take ownership of it if things get especially bad. Young investors may not be aware that it was a Crown corporation in the past, and in 2003 it was granted bankruptcy protection.

While airlines will be around in a post-pandemic world, that doesn't mean Air Canada will be one of them or that it'll still be a public company when all is said and done. The company recently released its annual earnings report, and the numbers were abysmal: it burned through \$2.4 billion in cash from just its day-to-day operating activities in 2020. That's a sharp decline from the previous year, where brought in a positive \$5.7 billion in cash. While it reported cash and cash equivalents of \$3.7 billion as of Dec. 31, 2020, that balance could quickly erode over time, especially since things don't look to be getting any better soon.

A better option for growth investors

If it's some great returns that you're after, then you may want to consider dumping your Air Canada shares and investing them into **Fire & Flower** ([TSX:FAF](#)). The cannabis retail operator isn't in the business of growing pot and that makes it a bit of a safer buy in an industry where earnings can often be volatile due to writedowns and many inventory-related problems.

And with the [backing of Alimentation Couche-Tard](#), there are some smart people who are bullish on Fire & Flower's future. Couche-Tard knows a thing or two about growth — it has a network of more than 14,000 stores all over the world, including over 9,000 just in North America.

Through Fire & Flower, Couche-Tard can gain some valuable exposure to the fast-growing cannabis industry. Over the past three quarters, the cannabis retailer generated sales of \$84.8 million — more

than double the \$34.3 million it reported in the same period a year ago. Its operating loss of \$12.7 million during that time was also lower than the \$17.5 million loss it incurred in the prior-year period.

The company is Canada's largest retail cannabis operator with more than +75 locations across the country. It uses its Hifyre retail and analytics platform to help understand consumer behaviours that it believes gives it a competitive advantage in the market. Fire & Flower also makes money off the platform, which it makes available to licensed producers. Although digital development revenue of \$3.2 million made up a small fraction of the company's top line over the nine-month period ending Oct. 31, 2020, that segment was also growing at an impressive rate, nearly doubling from the previous year.

In the past 12 months, Fire & Flower's shares have risen more than 40%. And with [a lot more growth](#) still out there for the industry, this could be a much safer option out there for growth investors than Air Canada.

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