



Air Canada Stock a Buy if the Company Can Avoid Negative Headlines

Description

As far as pandemic reopening plays go, **Air Canada** ([TSX:AC](#)) is on top of many investors' [watch lists](#) right now. Indeed, Air Canada stock has all the catalysts investors could want. Booming demand for air travel could take Air Canada shareholders on a nice ride. At least, that's the hope.

However, a series of negative headlines of late appears to be hampering sentiment for some Air Canada investors right now. To start, the fact that Air Canada took more than a year to refund ticket sales that were cancelled as a result of the pandemic wasn't a good look. The fact that Air Canada appeared to hold its customers hostage in exchange for a bailout rubbed many consumers and investors the wrong way.

More recently, the company has been battling concerns over executive compensation in light of the bailout that was just handed down by the government. Using taxpayer money to pay out bonuses to a company that's barely surviving (through no fault of its own) isn't good optics.

Accordingly, Air Canada executives have voluntarily decided to return their bonuses upon this backlash.

Let's have a look at Air Canada right now to see if this temporary sentiment shift could provide a nice buying opportunity for long-term investors.

How Air Canada is managing its PR

Typically, government-sponsored companies don't have to do much in the way of public relations. I mean, they're sponsored by the government. In Canada, Air Canada remains the only option for many routes. This monopoly/oligopoly position in the Canadian airlines space provides Air Canada with a degree of insulation few other businesses get.

However, the recent PR nightmares facing Air Canada related to its ticket policies and executive compensation are serious near-term headwinds the company has been battling.

Air Canada has promised to refund tickets cancelled as a result of the pandemic. The company has

received a bailout loan to do so. And executives have voluntarily given up their bonuses to the Air Canada Foundation.

Those are certainly steps in the right direction.

However, given the fact that shareholders now include taxpayers, Air Canada may need to be more transparent with these things. My view is, more transparency is better. Ultimately, Air Canada and its shareholders should benefit from increased scrutiny.

Things looking up for Air Canada stock

With borders closed for yet another month, many Canadians are starting to get antsy. That said, the government has announced some relaxed restrictions for travelers that appear to be bullish for the airline industry.

By year's end, I think Air Canada could be in a much different financial position. This is a stock investors optimistic on a global reopening ought to consider right now. Given how hard hit the travel & tourism industry has been, governments have an incentive to open things up. Should we get back to normal by the end of this year, Air Canada stock could take off.

Vaccinations continue to pick up steam, and there's finally hope for investors. Those banking on a reopening play can't do much better than with Air Canada in this environment. That is, if the company can manage its PR situation in the near to medium term.

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Author

chrismacdonald

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