Should You Buy This Amazing Small-Cap Growth Stock Now?

Description

This is how well **Cargojet** (TSX:CJT) stock has done. Since before the huge decline in the last recession, Cargojet stock has delivered an annualized rate of return of about 16.5%. This more than doubles the returns of 7.1% that the U.S. market (using the **S&P 500 Index** as a proxy) got in the period.

Cargojet is not a speculative growth stock. Although the stock has been in a strong general upward trend for six years, delivering 47.5% per year on average, the surge in its share price is backed by growing profitability. For example, in 2017, its earnings per share almost doubled!

Cargojet is exceeding expectations for its customers

Last week, Cargojet announced that it was awarded the “Shipper’s Carrier of Choice Award” by *Canadian Shipper* magazine, a leading industry publication. It is the only Canadian air cargo carrier to have received this award for the 16th year!

Cargojet’s aggregate score was +8% higher than the 2017 benchmark of excellence. Key areas that Cargojet excelled in include on-time performance, leadership in problem solving, ability to provide value-added services, customer service, quality of equipment & operations, competitive pricing, and sustainable transportation practices.

The business

Cargojet is a leading provider of time-sensitive overnight air cargo services and carries more than 1.3 million pounds of cargo each business night. It operates its network across North America, using a fleet of all-cargo aircraft.

Is Cargojet still a buy today?

Cargojet still has lots of growth potential with an increasing number of online purchases. According to statista, "In 2017, an estimated 1.66 billion people worldwide purchase goods online. During the same year, global e-retail sales amounted to 2.3 trillion U.S. dollars and projections show a growth of up to 4.48 trillion U.S. dollars by 2021."

At the recent quotation of about $65.50, unbelievably, Cargojet is still reasonably valued, trading at a price-to-earnings multiple of about 33, while the company's earnings per share are estimated to grow more than 30% per year for the next two years.

Cargojet stock has a PEG ratio of under one based on its estimated earnings-per-share growth rate for 2019. This indicates it's a good choice to consider for growth.

However, in a recession, Cargojet stock can be hit hard, as people tend to buy less during harsh times. For example, in the last recession, the stock lost about 80% of its value!

So, long-term accounts can buy some shares at the current reasonable valuation. Patient investors should buy the stock during a recession, which we know will inevitably occur again.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/28
Date Created
2018/08/01
Author
kayng