



## Could Cargojet (TSX:CJT) Be the Next TSX Airline Stock to Rise 1000%?

### Description

Top airline stocks have been unexpected market beaters over the past 10 years. Since June of 2013, **Air Canada** stock has risen 1600%, while the market has a whole has risen just 38%. That's some seriously impressive outperformance. And Air Canada isn't the only airline that has enriched investors over the same time frame.

Earlier this year, **WestJet** investors were rewarded when it was revealed that Onex would be [purchasing the company for \\$5 billion](#), while **Delta Airlines** investors have seen their shares rise 1080% since the bottom of the great recession.

It's obvious enough that some airline stocks have made investors wealthy over the past decade. What's less clear is which ones will repeat the feat in the future.

The trend of airline industry consolidation could always make investors wealthy in the form of surprise acquisitions at premium prices, but it's hard to tell who'll be the next M&A target. However, there's one TSX cargo airline that could rise with or without a buyout.

### Cargojet

**Cargojet Inc** ([TSX:CJT](#)) is a cargo airline that ships goods across Canada and to a lesser extent internationally. The company has its base of operations in the John C. Munro International Airport, providing convenient access to many destinations.

Over the years, Cargojet has grown its business, thanks to a combination of acquisitions and partnerships. As Fool contributor Chen Liu [recently pointed out](#), the airline is dropping large sums of money on partnerships whose value propositions are unclear.

But whether or not these deals pan out Cargojet has managed to increase its revenue from \$53 million to \$112 million in the span of four years, so the company has a clear ability to grow. As long as this remains the case, Cargojet can afford some risky bets.

## Why it could be next

There are two reasons why Cargojet could be the next airline stock to jump 1000% or more.

The first reason is growth. Over the past four years, Cargojet has managed to grow its revenue by 111%. That's a very strong growth rate for an airline, and if it can be maintained, could lead to a major jump in the stock price.

Although earnings haven't done as well as revenue, a strong trend in revenue gains can raise the possibility of major profits if the company resolves to reduce spending.

The second reason is that Cargojet could easily become an acquisition target. There has been a trend toward consolidation in the airline industry over the past decade, which has seen many smaller airlines acquired by larger companies.

The Onex-WestJet deal is just a recent example of this. If Cargojet itself becomes an acquisition target, it would likely be to the benefit of shareholders, as acquisitions are usually made at a premium to the target stock's market price.

If the above scenario plays out, Cargojet won't necessarily rise 1000%, but it will definitely give investors a quick, easy gain—as WestJet shareholders will happily tell you.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)

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