



## Cargojet Up 116%: Why the Madness Continues

### Description

Shares of **Cargojet Inc.** ([TSX:CJT](#)) continue to climb since bottoming out with the rest of the markets in mid-March. As of writing, since that market bottom Cargojet has climbed an incredible 116%, with no signs of slowing down. So let's take a look at what exactly is fuelling these sky-high prices while the airline industry declines.

### What happened?

The pandemic has been incredibly hard on the airline industry. With almost all flights being grounded, it seems as if every airline business would be doomed to failure. That is, unless it's a company like Cargojet. The company provides overnight air cargo services, not just across the country but internationally as well.

With the pandemic continuing to rage across the world, Cargojet has been able to take [advantage of the boom](#) in the e-commerce industry. People need items delivered to their homes now more than ever, even businesses that are now working out of their homes. That makes a company like Cargojet practically a necessity.

### What now?

Clearly the company has been able to perform well during this trying time. In its latest earnings report, Cargojet achieved a 11.4% increase in total revenue compared to the same time last year. It's adjusted EBITDA also increased by 24.5%.

Meanwhile, unlike other airline stocks, Cargojet offers a dividend 0.59% as of writing, which has seen an average annual increase of 11.5% over the last five years.

Even when the pandemic is over, there is likely to be a [huge shift](#). Businesses will start to look at why they were paying people to come in and use company supplies, when they have perfectly good supplies at home. That means the e-commerce industry is likely to boom even more than originally

predicted. If Cargojet continues to prove itself as a carrier, it will absolutely be able to continue its upward trend.

## What's next?

What this could mean for Cargojet comes down to one thing: reinvestment. This is highly popular within the airline industry, but you don't hear about it as much with a cargo company such as Cargojet. However, with all of this newfound cash rolling in, the company should be able to buy a fleet of airplanes.

While this can be costly, if the company takes advantage of its newfound wealth during the downturn in the airline industry, it should be able to buy up these planes at a discount. If those planes are fuel efficient, the investment will pay for itself within the next few years. This is what many other airlines were doing before the pandemic hit.

## Bottom line

By taking advantage of a decline in the airline industry and a rise in the e-commerce business, there's a real opportunity for a company like Cargojet. If the company reinvests in itself, there's no telling where it could go next.

As of writing, Cargojet trades at all-time highs and could easily hit \$200 per share by the end of the year. The main question is whether this growth is sustainable.

If the company doesn't prove that it can do more than take advantage of a pandemic, investors are likely to fall to the wayside.

### CATEGORY

1. Coronavirus
2. Investing

### TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

### Category

1. Coronavirus

## 2. Investing

**Date**

2025/08/27

**Date Created**

2020/06/26

**Author**

alegategwolfe

default watermark

default watermark