

## \$1K Invested in Cargojet (TSX:CJT) at the Start of 2020 Would Be Worth This Much Today

### Description

The predicted market crash could be seen from miles away. Years of stock market growth and increasing debt meant it was only inevitable. But absolutely no one could foresee a pandemic driving the crash.

While the markets may have started to see some signs of life, a market that is completely not volatile is still ways off. Further dips are likely down the road over the next few years even. That's especially true for the airline industry.

Airlines have been hit incredibly hard during the pandemic. Restrictions and blocked borders meant travel was off the table for everyone around the world. Even with some restrictions being lifted, people are either too wary to travel, or met with a laundry list of new precautions to take. It's meant that even with planes in the air once again, shares remain grounded.

That is, except for one stock.

### Cargojet takes off

There's a big difference between **Cargojet** ([TSX:CJT](#)) and its airline companions. Airline companies that depend on people are continuing to suffer. But that's not Cargojet. The company ships exactly what's in its name: cargo. That's not people, that's products. Products that will be needed for as long as the pandemic goes on, and even further.

There has been a huge rise in the [e-commerce industry](#) lately, and Cargojet has been one of the few businesses able to take advantage of this sector. With everyone stuck at home, products have to get to them somehow. That's where Cargojet comes in, upping the amount of planes in the air to make sure people receive products on time.

It's also quite likely that consumers will like this new way of receiving products, and Cargojet could continue to see a rise in use for years to come.

It's a good thing, then, that Cargojet is already prepared for the growth. About a year ago, the company signed a partnership with **Amazon**. The e-commerce giant already used the business to move packages from warehouses to distribution centres, but the deal pushed it further.

Now the two can work together to align "long-term strategic commercial interests." Investors will be happy to hear that as the pandemic continues.

The deal allowed Amazon to buy 9.9% of Cargojet's voting shares for 6.5 years, tied to the delivery of up to \$400 million in business from Amazon to Cargojet. Then, Amazon could acquire a total of 14.9%

of Cargojet shares if Amazon adds an additional \$200 million in business after this first step. Given the increase in e-commerce, this looks highly likely.

## The goods

It's no wonder that shares in the company have surged. In the last year alone, Cargojet shares have risen 80%. While there are some that believe the company is due for a correction, I would argue that the Amazon deal puts a stop to that.

It's quite likely that the company will reach the \$600 million threshold ahead of schedule. When that happens, that further stake in Cargojet will see shares in the company rise even further.

Meanwhile, as long as the pandemic is raging, Cargojet should see a huge increase in business. That business might stabilize, but it's unlikely to shrink by much in the future. So even though shares are expensive today, I would argue it's still a solid investment.

If you purchased \$1,000 in shares in January, today those shares [would be worth](#) \$1,552. The stock also offers a dividend of 0.56%. While that isn't that much, you'll also receive a few extra bucks that way as well.

Should the company continue to soar, investors could be looking at a huge increase in both share price and dividends in the future.

### CATEGORY

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### TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. TSX:CJT (Cargojet Inc.)

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