



Cargojet (TSX:CJT) Just Surged 119%: Should You Buy?

Description

The rest of the market might be in free fall, but **Cargojet** ([TSX:CJT](#)) sure isn't one of them. The company surged almost 18% in a single trading day after the company reported yet another stellar earnings quarter. The [Canadian airline](#), which delivers products across the world, has seen an intense increase in demand for its services during the pandemic. And there are many out there who think it's only the beginning.

When the pandemic hit back in March, shares of Cargojet fell about 27%. This was mainly due to the uncertainty of the airline's future with a pandemic potentially limiting business. But, clearly, this was absolutely not the case.

A correction, and then some

Not only did investors almost immediately correct the share price of Cargojet, but the company's stock went soaring to all-time highs. The stock has more than doubled since it bottomed out back on March 18. The question now is whether this company has what it takes to hold onto this stock price.

The company did, after all, miss analyst expectations for its [latest earnings report](#). Though earnings were still solid. Total revenue increased to \$196.1 million for the quarter, up 64% from the same time last year, with adjusted EBITDA tripling to \$91.1 million. The loss came in with earnings per share (EPS), which were -\$2.89 per share for the quarter. However, this was due to a non-recurring, non-cash charge, so it's likely the company should rebound almost immediately.

Strong future growth likely

The main difference between Cargojet and other airlines is its product: cargo. The company was able to take advantage of the pandemic, bolstering its business through the increase in e-commerce demand. The work-from-home economy proved beneficial for Cargojet, and it's very likely that this growth will continue in the future.

But even if the pandemic hadn't hit, investors should have been seriously looking at Cargojet on their watch list. The main reason? The business partnered with **Amazon** last year, where the e-commerce giant bought a 9.9% stake in the company in return for \$400 million worth of business. But that's only the beginning. If Cargojet can deliver \$200 million worth of business, that stake would increase to 14.9%. All of this would have to happen in the next six years (as of writing).

But there was a pandemic — a pandemic that Cargojet was able to take advantage of, and so was Amazon. The company went into overdrive, proving that not only could it profit in a time of uncertainty, it could react quickly and get products (including health equipment) where it needed to go.

Foolish takeaway

So, should you buy? This all sounds very exciting, and you'll see that I already own shares in Cargojet myself. I'm not about to sell them, but I wouldn't necessarily buy at today's prices. There are many economists saying another market crash is coming. This is likely with more surges of the coronavirus as businesses open up. So, there is likely to be a dip in Cargojet share price with the next crash.

However, it's likely to rebound quickly. Decide on a price you're willing to pay and set an alert to react as soon as possible. There are others who may be doing the same thing, so that price may not last long. The next few years could be very exciting for this company, so make sure you don't miss out.

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