



Forget Air Canada (TSX:AC)! Invest Here

Description

Investors that follow the airline industry have kept two secrets over the past decade. The first is that **Air Canada** ([TSX:AC](#)) was one of the (if not the single) best-performing stocks on the market. It's true. Up until 2020 changed every company on and off the market, Air Canada was up over 300% in the past five years. Unfortunately, when the pandemic began in 2020, that growth turned to steep losses. The stock now sits over 65% lower than it was in January. In other words, investors might be better off if they forget Air Canada altogether, at least for now.

So, where should investors with an appetite for the airline sector look to? That would be the other secret I alluded to: **Cargojet** ([TSX:CJT](#)).

Forget Air Canada and buy Cargojet

Don't get me wrong — the pandemic will end, and Air Canada will recover. The company has superb management and has already turned the company into a profitable entity before the pandemic.

Let's forget Air Canada and focus on where to invest *now*, and that's Cargojet.

For those unaware of Cargojet, the airline transports overnight cargo across its network in Canada and to hub cities internationally. More specifically, Cargojet carries cargo, not passengers. There are two key points to note here. First, this means that the airline is not subject to the passenger and scheduling restrictions that Air Canada and passenger airlines have. Second, Cargojet is a beneficiary of the boom in online ordering and e-commerce that arose from the pandemic.

To put that advantage into numbers, Cargojet is responsible for 90% of Canada's domestic air cargo volume. I won't even mention the surge in orders that are expected as we move into the holiday season.

In the most recent quarter, Cargojet's revenue topped \$196.1 million, reflecting a year-over-year improvement of \$77 million. The company posted EBITDAR of \$91.1 million for the quarter. The stock is currently up over 100% in 2020.

Is it worth the risk?

Airlines are risky investments. Warren Buffett famously denounced them, then invested in them, and then dropped them. But Cargojet is different from traditional passenger-ferrying airlines. Demand for cargo shipments continues to rise, and that's not just because of the pandemic.

If anything, Cargojet's [superb performance](#) of late is likely to continue beyond the pandemic. Contrast this to Air Canada, which may need several years or more *after* the pandemic to recover. In my opinion, prospective investors should forget Air Canada and buy Cargojet.

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