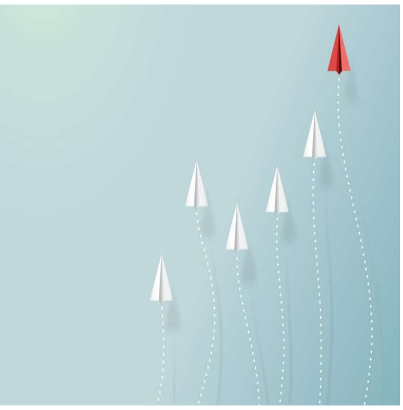

Why Cargojet Inc. (TSX:CJT) Stock Went Crazy and Rose 70%

Description

There have several major stocks making headlines in the past few weeks. Whether it's price swings, short squeezes, or anything else, these events have been fueling investors and making us all dizzy.

Yet one stock that remains low on the radar is **Cargojet** (TSX:CJT). The airline transporter of cargo rose 70% in the last year as of writing, and now earnings are due on March 1. This is in addition to the company's strong rally of 785% in the last five years!

Cargojet stock soars higher

After the growth the company has seen in the new year, the market capitalization sits at $2.61 billion. The company brings in millions in revenue each quarter, and after each earnings report comes another stock price swing.

Why? Because Cargojet has seriously beat analyst estimates every quarter. The pandemic has been virtually non-existent for Cargojet stock. That's because while other airlines deal with passengers, this company deals with packages. It isn't dependent on customers flying but rather customers shipping products.

It's not just the company's performance that has investors interested in this stock, however. The company recently made announcements that have many ears listening. It announced it would be expanding its fleet and routes to further stops across North America, South America, and Europe. These plans aim to be complete by the third quarter of 2021. This comes after the closure of a bought deal worth over $350 million.

Growing, growing, gone

This expansion is only the latest fueling investor interest, though it's a big one. Cargojet stock has soared higher in the last few years after partnering with **Amazon**. The company holds a 9.9% stake in Cargojet, which will be increased to 14.9% once the partnership with Amazon delivers $600 million in revenue. This was all before the pandemic.

Since then, as you likely know there was a boom in e-commerce. I wouldn't be surprised if Amazon has already reached that $600 million point, which was thought to be years away. Now, this means Amazon can expand its stake and help Cargojet grow even further.

This latest announcement to expand its fleet is just the latest news showing the company's strong balance sheet, strong growth outlook, and innovative prospects. Investors should be excited to see even more revenue growth during the next quarter and a potential future outlook from management.

Is it a deal?

The stock reached $250 per share at its highest point, and since then it has come down by 24% as of writing. So, in that sense, it's a deal. It has a price-to-book ratio of 14.7, so it's not exactly a deal at this point based on those fundamentals. But its enterprise value over sales is at 6.2, which is much easier to stomach.

Given all this information, and taking into consideration its growth prospects, I'd say the company is still a deal and definitely a buy today. If you're investing, it should be in strong companies that have a solid long-term hold strategy. That's Cargojet stock today. The company is likely to reach that $250 share price yet again, potentially this year after the next earnings report. And while other airlines will continue to struggle to make any revenue, Cargojet will continue obliterating analyst estimates.

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