Forget Air Canada (TSX:AC): This Airline Stock Could Double in 2021

Description

The early days of the pandemic saw the **Air Canada** (TSX:AC) share prices decline by more than 70%. The stock has been catching investor interest ever since the pandemic hit and vastly disrupted air travel. Air Canada has been in substantial trouble because the airline consistently bled cash while its operations were down.

Many investors bought Air Canada stock in hopes that it could gradually recover to its pre-pandemic valuation and they could rake in the profits. The news of a bailout package raised investor hopes. Unfortunately, it continues to trade for lower valuations.

After five consecutive quarters of losses, Air Canada might not offer investors much of an upside in the short- to medium-term. It may therefore be better to consider a stock that offers greater prospects than risking your capital on a stock that offers a bleak outlook in the coming months.

A screaming buy on the TSX

Cargojet (TSX:CJT) is a time-sensitive overnight air cargo services provider with a monopoly in Canada, much like how Air Canada has a monopoly on passenger flights. Unlike Air Canada, Cargojet stock has managed to deliver consistently amazing results in the last five years.

The company recently reported strong first-quarter results. Its revenues climbed to $160.3 million from $123 million in the same period last year. Its gross margins increased from 26% last year to 28% in the latest quarter. The company also increased its adjusted free cash flow from $44.6 million to $64.2 million.

Cargojet managed to capitalize on the ongoing growth of the e-commerce sector by investing in expanding its fleet and improving its balance sheet. Cargojet's share prices declined by over 33% between November 2020 and March 2021. After the much-needed correction, the growth stock has regained momentum for an upward trajectory.

The stock is trading for $183 per share at writing and also boasts a small 0.57% dividend yield. The stock could be a far better pick for your portfolio than Air Canada under the current environment. While it may not offer much in terms of dividend income, its price appreciation potential is the real reason it could be an excellent investment for your portfolio.

Foolish takeaway

Air Canada stock is up by almost 16% on a year-to-date basis at writing. The airline stock has the potential to become a decent long-term recovery play for you to consider for your portfolio. However, it continues to be one of the few top **TSX** stocks struggling to recover to pre-pandemic valuations.

While Cargojet also operates a fleet of aircraft, its focus on catering to industrial clients and the increasing need to prevent supply chain disruptions could lead to significant demand for the stock.

Given the emerging industry trends, CJT could offer you substantial returns on your investment in a shorter timeline than it might take Air Canada to do so.

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