



Here's 1 Sneaky E-Commerce Stock to Buy Right Now

Description

Investors seeking [growth areas](#) of the economy that should outperform over the long run often look to e-commerce. And for good reason. After all, this was one of the sectors that boomed during the pandemic. However, I think **Cargojet** ([TSX:CJT](#)) could be one sneaky e-commerce stock investors may want to consider today.

Why?

Well, Cargojet's business model is uniquely tethered to the e-commerce boom. In Canada, it's really the only option for e-commerce players seeking quick deliveries to consumers. Accordingly, while many airlines are still bleeding cash and suffering massive losses, Cargojet stock has actually skyrocketed through the pandemic.

Here's why I think more upside could be on the horizon for this e-commerce stock.

Solid outlook bullish for this e-commerce stock

Cargojet is a leading cargo airline in Canada, carrying over 1,300,000 pounds of freight every business night. The airline also provides aircraft on an airline, crew, maintenance, and insurance basis flying between Canada and the U.S. Its [Air Services Transport Agreement](#) with **Amazon** make it Amazon's preferred cargo transport partner.

This is a *big* deal. Amazon prides itself on providing next-day delivery in its core markets. Accordingly, the company needs to partner with local players to make it happen. Cargojet happens to have an effective monopoly on the air freight business in Canada. Indeed, the company's market share of more than 90% makes Cargojet the only option for companies like Amazon.

Accordingly, investors betting on the rising prevalence of e-commerce in Canada certainly have reason to consider this stock today.

Analysts remain bullish on Cargojet, largely due to its competitive position and growing fleet of aircraft.

I agree.

Risks do exist to the company's long-term position as a dominant monopoly in this space. Companies like Amazon could set up their own fleets in Canada over time and start chipping away at some of this business. But for now, Cargojet is the only game in town, a great thing for shareholders looking to extract value from the e-commerce sector.

Bottom line

Cargojet's recent results highlight the importance of the company's business model to the e-commerce sector. This airline grew at a whopping 34% pace in 2020 at a time when many companies were struggling to stay afloat. Adjusted EBITDA growth came in even higher at 87% year over year. This indicates that Cargojet is not only growing, but doing so profitably.

Of course, Cargojet's valuation multiple has been a concern for some time. I still think this stock is expensive. However, relative to underlying e-commerce stocks in this space, Cargojet's valuation certainly shouldn't be a reason for pause among hyper-growth investors.

I think Cargojet remains an intriguing picks and shovels play on the e-commerce sector. Accordingly, investors thinking long-term may want to give this stock a look at these levels.

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