

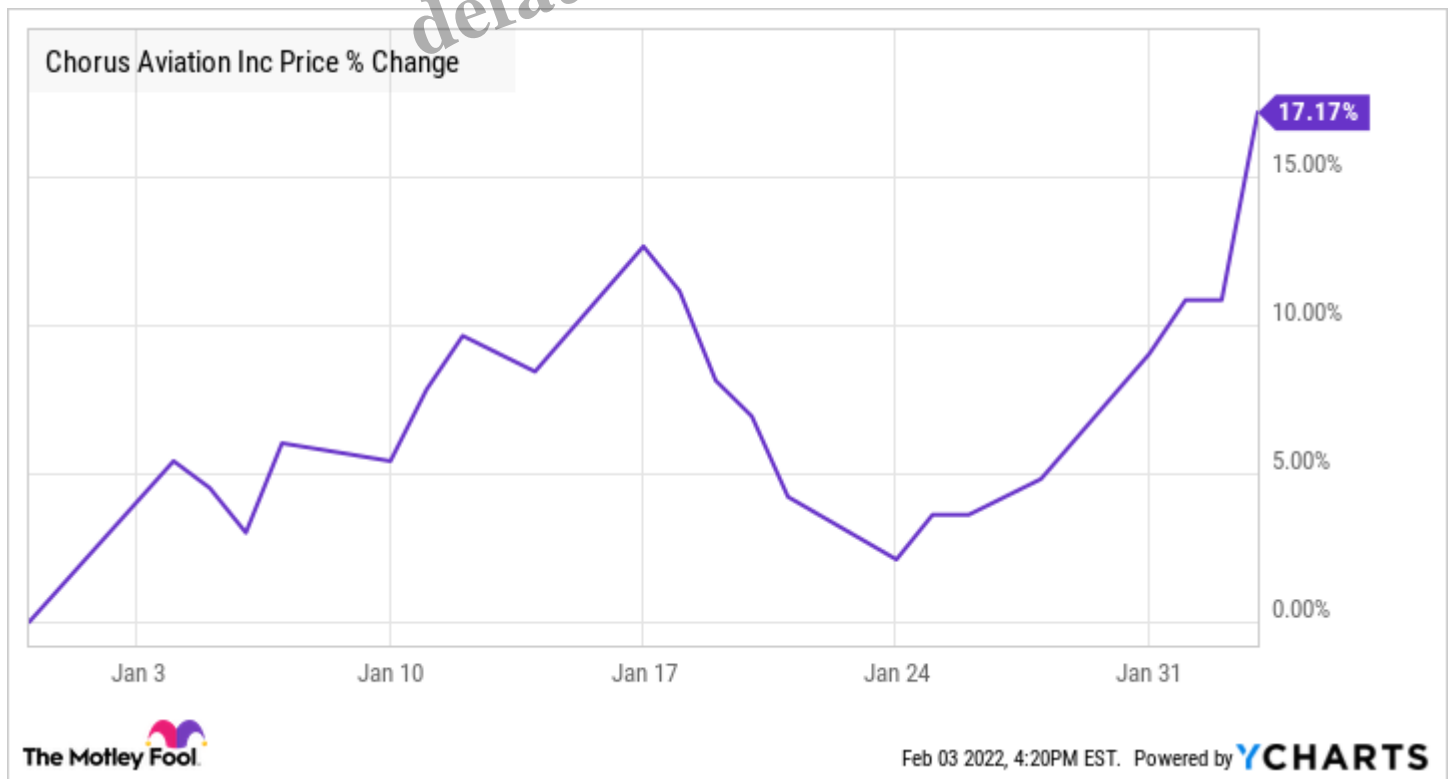


1 Growth Stock Soared 12% Higher in the Last Week: Is it Still a Buy?

Description

Cyclical stock **Chorus Aviation** ([TSX:CHR](#)) is a [growth stock](#) when its earnings and cash flow are set for a rebound post-pandemic. In the last week, it's up 12%. Could the stock be bottoming?

The graph below shows it has appreciated 17% in the last month with volatility. Indeed, according to Yahoo Finance, the Canadian holding company is considered a high-beta stock with a recent beta of 2.31. This indicates that if the market rises or falls 1%, CHR stock would rise or fall about 2.3%.



Analyst upgrade for Chorus Aviation stock

Yesterday, Chorus Aviation stock closed the trading day with a 5% pop, which was likely triggered by an analyst upgrade at Scotia Capital, raising CHR's 12-month stock price target from \$4.75 to \$6.00 per share. That's a considerable shift that suggests near-term upside potential of 55% upside from \$3.87 per share.

"We think the stock could outperform this year as we are seeing signs of a rebound in the leasing market and given CHR has re-marketed vast majority of the off-lease aircraft. In addition to the leased portfolio returning to pre-pandemic levels this year, we expect CHR to be active on growth opportunities (organic and inorganic) as aircraft lease rates and residual values are likely recovering. Although the rebound in COVID cases globally could impact near-term results, we expect the market to look through and rather focus on growth potential in leasing and other non-CPA assets, which could drive multiple expansion.

The company has liquidity of \$434-million, placing it in a good position to follow through on management's plan to invest \$300 to \$400 million on aircraft acquisitions this year."

Konark Gupta, MBA, an analyst at Scotia Capital

Rumour of an acquisition

Another reason for the latest rally in Chorus Aviation stock is that it was rumoured to be in the process of potentially acquiring a European-based aircraft lessor. The company's press release on January 27, 2021, noted that "While Chorus routinely explores acquisition opportunities, there can be no assurance that a transaction will result from any such opportunities. Chorus does not intend to make any further comment on any such speculation."

The rumour may have some investors speculating greater growth to follow from a potential acquisition and buying the stock as a result.

The Foolish investor takeaway

Chorus Aviation provides regional aviation services and regional aircraft leasing — operations that are poised for a multi-year rebound regardless of acquisition opportunities. Currently, the consensus analyst 12-month price target is \$5.17, but this could move higher, starting with Scotia Capital as the first of the upgrades. For the latest outlook on the business, interested investors can wait for the management to report Chorus's Q4 and full-year 2021 results on February 17.

To be clear, Foolish investors should take a more active investing approach when investing in [Chorus Aviation stock](#) because of the cyclical nature of the business and investors' goal of price appreciation. That said, there's the potential for a re-initiation of its dividend down the road, perhaps in a couple of years.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:CHR (Chorus Aviation Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. kayng
2. kduncombe

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/09/26

Date Created

2022/02/04

Author

kayng

default watermark

default watermark