



Why Cargojet Stock Crashed 16% Despite Upbeat Q4 Earnings

Description

What happened?

Shares of **Cargojet** ([TSX:CJT](#)) plunged by about 16.5% on March 7 to \$153.51 per share after it released its Q4 2021 earnings report, marking its biggest single-day losses since December 2008. By comparison, the **TSX Composite Index** fell by 0.5% yesterday. After Monday's sharp selloff, Cargojet stock is now trading with nearly 8% year-to-date losses.

So what?

Cargojet announced its December quarter results before the market opened on Monday. The Canadian cargo airline company's total revenue in Q4 rose by 26.1% YoY (year over year) to \$235.9 million. Its latest revenue figure exceeded analysts' consensus estimate of around \$212 by more than 11%. A massive 54.6% YoY jump in its charter business, 26.7% growth in its ACMI segment, and more than 18% increase in its domestic network helped the company post strong financial results in the last quarter.

Along with this strong top-line growth, rising average daily volume, growing fleet size, and reducing SG&A expenses also helped Cargojet crush analysts' consensus earnings estimates in Q4. The company reported adjusted earnings of \$5.78 per share in the December quarter, representing an outstanding 519% YoY increase. Its latest quarterly earnings figure was also massively higher than analysts' estimate of \$1.76 per share.

Despite its solid financial growth in the last quarter, Cargojet stock crashed by more than 16% on the day of its earnings announcement. An airline sector-wide selloff due to a recent spike in jet fuel prices amid [the ongoing Russia-Ukraine crisis](#) could be the primary reason for Cargojet stock's big losses in the last session.

Now what?

In its latest quarterly report, Cargojet's CEO Ajay Virmani [highlighted](#) how the company is trying to aggressively diversify its business "to take advantage of the emerging growth opportunities." This diversification move should help the cargo airline firm accelerate its financial growth in the coming years.

Clearly, rising fuel prices could become a big challenge for Cargojet and other airline companies in the near term. At the moment, it's difficult to predict for how long fuel prices could sustain at current high levels due to the ongoing geopolitical uncertainties and supply concerns. However, investors should keep a close eye on the Russia-Ukraine war-related updates. Any positive news suggesting easing geopolitical tensions could help fuel prices cool off and trigger a sharp recovery in airline stocks, including Cargojet.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:CJT (Cargojet 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. jparashar
2. kduncombe

Category

1. Investing
2. Stocks for Beginners

Date

2025/08/25

Date Created

2022/03/08

Author

jparashar

default watermark

default watermark