



Here's Why I Just Bought Cargojet Stock

Description

Cargojet ([TSX:CJT](#)) has had quite the wild ride over the last few years. The company seemed to be on the steadiest of paths to growth due to massive partnerships and the growth of e-commerce. And yet this wasn't enough to protect it from a downturn.

And that's exactly why I bought it.

Cargojet stock offers superior [growth](#) in the near and long-term future. But at these levels, it's a steal. Here's why I bought it today.

Look to the past

So, why did Cargojet stock climb in the first place over the last few years? The answer really comes down to mega partnerships. The first and primary change came from **Amazon** taking an interest in Cargojet stock. The company signed on for a 9.9% stake in the company with Amazon delivering up to \$400 million in business to Cargojet over six-and-a-half years as of 2019.

However, should it then provide an additional \$200 million in business afterwards, then the stake could rise by a further 5%. Well, it turned out that Amazon couldn't wait that long.

In April 2021, Cargojet announced an expansion of its long-term agreement. This included the addition of Amazon-owned [aircrafts](#) for additional revenue growth for Cargojet stock. So, it looks like by 2025, that 15% stake should be all but locked in.

But it wasn't just the deal with Amazon making shares climb. It was also a deal with **DHL** announced in March this year — yes, *this* year when things were already falling. The deal created a long-term agreement for five years with an optional further two years after that for air transport. And this deal makes Cargojet stock a global performer, launching its new long-range aircraft as well.

Earnings steady and climbing

Despite everyone believing that e-commerce is down and shipping is less than before, Cargojet stock hasn't experienced any of this. During its most recent earnings report, it narrowly missed expectations. It still provides "defensive qualities," according to one analyst, with a solid balance sheet and stable growth expected in the medium and long term.

Cargojet stock reported \$232.7 million in revenue and \$82.1 million in earnings before interest, taxes, depreciation, and amortization (EBITDA). The company is on track for growth in full-year 2023, with about \$300 million set aside for further aircraft acquisitions.

Therefore, this goes to show that investors need not worry about the company needing to scale down during a recession. It will be able to ride through the storm and remain strong on the other side. That is why analysts maintained strong potential upsides, with the average at a target price of \$201. That's a potential upside of 46% as of writing!

The future looks poised for growth

Analysts believe Cargojet stock will continue to outperform, and it remains at competitive prices in this downturn given all that growth. It currently trades at just 8.43 times earnings, with shares down 16% year to date, though up 15% in the last month.

Furthermore, the company has been making even *more* deals. It recently renewed and extended its air cargo services with **United Parcel Service Canada**. This would add on another five-year term. That's despite the deal not expiring until 2025. That just goes to show the strength and performance of this solid, diversified stock.

And with the company creating more and more destinations, adding more aircraft, and creating more long-term agreements, clearly, investors should hop on this opportunity before it's gone.

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Author

alegatewolf

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