



3 Things That Will Make You Want to Buy WestJet Airlines Ltd.

Description

Travelers looking to make a jump across the pond to England will soon have more options. **WestJet Airlines Ltd.** (TSX:WJA) recently announced it will be expanding its international service by offering flights to London's Gatwick airport.

The new service is expected to start later this year and is exciting news for both travelers and investors in WestJet for a number of reasons.

1. New routes mean new revenue

Imagine that you are a passenger on a transatlantic flight, sitting in the first row of economy class. Just as the main cabin service is about to start, there is a moment where you get a glimpse of what first class travel would be like. Just as the menus are handed out and the champagne is poured, the curtain is pulled across the aisle and the fantasy ends.

This is how a low-cost airline looks at transatlantic flights and the potential revenue they can represent.

Low-cost carriers typically serve as "feeders" from the smaller towns and regions to the city hubs where the larger, wide-bodied planes of **Air Canada** greet those connecting passengers to take them on to their final destination. Some low-cost carriers have tried to offer long-haul service, but few have stuck with it for very long.

WestJet first crossed into the European market this year with routes to Dublin and Glasgow, but now seems to be increasing its presence by adding flights to London. Considering that in its most recent quarterly earnings report WestJet surpassed analysts' expectations, this international expansion could be the first of several new routes to come. By its own admission, WestJet wants to establish itself as "one of the five most successful international airlines in the world."

2. WestJet is now a valid choice for the business traveler

WestJet has had transatlantic routes for a little over a month now, but this latest expansion represents its first serious foray into the realm of the business traveler.

Business travelers will typically spend at least three times more for a domestic airline ticket over an average economy ticket, opting for premium seating with additional legroom and space for laptops. In the international business travel market, this number can increase to 10 times the price for an economy ticket.

While proposed departure points have yet to be announced, arriving in London Gatwick puts WestJet's customers in one of the busiest airports in Europe, which gives a real choice to business travelers who currently default to flying Air Canada.

3. More planes, routes, and opportunity

Until recently, WestJet has flown a fleet of Boeing 737s that have a range of 5600 km and a maximum passenger capacity of approximately 170. Along with the new route announcement, WestJet announced it will be using its newly acquired Boeing 767-300 planes for the London route, which have an increased range of 9500 km and seat 262 passengers.

When WestJet started out in 1996, it was a small airline in the shadow of the much larger, dominant Air Canada. Fast forward to 2015, and WestJet is now serving over 85 destinations, and with this latest announcement is firmly going up against the "bread and butter" business routes of Air Canada. WestJet now has its own feeder airline, WestJet Encore, that is also in a period of expansion having received its first 20 Q400 NextGen Turboprop planes from **Bombardier Inc.**

Great long-term potential

WestJet represents a great long-term opportunity for a number of reasons, but mostly because it pays a quarterly dividend, has had 40 consecutive quarters of profitability, and continues to surpass analysts' expectations.

The stock is still very affordable and would make a great addition to any portfolio.

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Author

dafxentiou

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