



Investors: WestJet Airlines Ltd. Is Serious About Growth

Description

One of Warren Buffet's more well-known quotes is "Be fearful when others are greedy and be greedy when others are fearful." With the economy in a slump, many companies are moving into that fearful mindset.

WestJet Airlines Ltd. (TSX:WJA) is taking the other part of that quote to heart and using the current environment to the benefit of the company, to the detriment of the competition.

Let's take a look at how WestJet is going on the offensive.

New wide-body jets received

The company has now received the first of four wide-body long range Boeing 767-300 planes. The new wide-body 767s have a range of 9,500 km and offer seating for 262 passengers.

The interesting point about this order is that up until this announcement, WestJet was using a fleet of Boeing 737s that have a range of 5,600 km for 170 passengers.

The remaining jets are scheduled to be delivered over the next few months.

WestJet announced that the planes would be used for the following flights: Toronto to Calgary, Alberta to Hawaii, Toronto to Montego Bay, Jamaica, and Toronto to London (Gatwick).

Stimulating Demand in a weak economy

WestJet's strategy is to stimulate demand for air travel by taking advantage of the current environment of low priced fuel and passing on steep discounts to would-be travelers that are looking for savings.

Along with the fleet delivery announcement, WestJet executive vice president, commercial Bob Cummings was quoted as saying, "We will offer Canadians from cities across our network the chance to fly non-stop to Europe and other regions at prices not seen in recent memory."

As a traveler, this excites me as I do remember those prices and wish they were still in effect. As an

investor, I'm also excited about this announcement, as the prospect of getting a larger chunk of those passengers represents new revenue, which could spur even more growth.

New revenues associated with business travelers that fly to Europe is also worth noting, as the airliner will now be in direct competition for that market for the first time with the likes of **Air Canada**.

Analysts were cautious over the announcement, noting that there are already capacity concerns in the market, and adding more capacity may not be the answer alone.

WestJet currently trades at \$24.20, down 27% year-to-date. The company is not quite at the 52-week low, which is at \$18.51. Over the course of a full year, this improves, but is still in the red by 17%. Long term, the stock is up over 100% when looking at the previous five years.

In my opinion, WestJet's expansion plans as well as the current market pricing represent a great opportunity to add WestJet to your portfolio at a significant discount.

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