



## 3 Reasons to Consider WestJet Airlines Ltd. Today

### Description

Airlines have performed incredibly over the past decade.

Traditionally viewed as bad investments with little to any growth prospects, airlines such as **WestJet Airlines Ltd.** (TSX:WJA) have matured greatly over the past decade, stabilizing their business models and becoming [truly great investments](#).

But does that mean that those good times are set to continue? Let's look at some reasons to consider an investment in WestJet

### **WestJet has grown into a full airline with cross-Atlantic service**

WestJet is known as a low-cost carrier with a strong domestic and cross-border network of routes, but it's rarely seen as an international carrier that offers cross-Atlantic service.

That position has changed over the past few years; WestJet has begun to serve selected cities in Europe. This has not only allowed WestJet to compete with larger airlines over those lucrative international routes, but also gave rise to the notion that WestJet could finally be a real option as a carrier rather than a feeder carrier for larger, more established ones.

Fast forward to last year, and we see that WestJet is investing in new planes to fly those international routes, and it's continually pushing the envelope with new destinations in Europe.

The company hasn't been coy about adding even more destinations to its growing international network, including South America and Asia routes.

### **WestJet has a ULCC option coming this summer and a great partner in Delta**

Now that WestJet has a growing international segment, what the airline needs is a low-cost feeder airline to draw in even more traffic from its domestic network. As WestJet continues to aim higher with better service and international routes, prices will rise, exposing an opportunity for a low-cost carrier to enter the market.

Enter Swoop — WestJet's new ultra-low-cost carriers (ULCC); it's set to begin operations later this year.

ULCCs offer service to domestic and cross-border points at a fraction of the cost. That lower cost is a result of offering a no-frills experience that may include charging for carry-on luggage, checking in at a gate, requesting specific seats, and any snacks and beverages on board.

That experience likely extends to the departure airport, which could be a second- or third-tier airport in the region rather than the principal airport of the area — for example, flying out of Hamilton or Niagara instead of Pearson.

WestJet also announced a new partnership late last year with **Delta Air Lines, Inc.** ([NYSE:DAL](#)). That agreement, which is set to take effect later this year, will lead to greater revenue and opportunity for WestJet through coordinated scheduling efforts between Delta and WestJet as well as shared booking abilities and an expanded code-share network.

### **Strong results and a respectable dividend**

WestJet reported fourth-quarter results earlier this month that continued to highlight the strength of the company as well as the airline industry.

During the quarter, WestJet managed to post its 51st consecutive quarter of profits. Earnings for the fourth quarter came in at \$48.5 million, or \$0.42 per diluted share, coming in just below the same quarter last year, where the airline earned \$55.2 million, or \$0.47 per diluted share.

Two important aspects from the results are that WestJet's fleet renewal is beginning to take hold, with the company receiving the first Boeing 737 Max jet just before the holidays, and that WestJet recorded its highest ever number of guests flying the airline and achieved the highest annual load factor for the airline ever.

In addition, WestJet also provides investors with a dividend that has a respectable 2.29% yield. While the dividend may not be reason enough to consider WestJet, it's a good yield from a sector that typically gives very little, if any, regard to dividends. Still, if dividends are more your preference, there are some [great options](#) available now.

### **CATEGORY**

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1. Investing

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