



WestJet Airlines Ltd. Just Upped the Ante on the Entire Airline Industry

Description

WestJet Airlines Ltd. (TSX:WJA) is a [great option](#) for investors looking at entering the lucrative airline industry. Over the past decade, airlines have realized incredible growth, owing to a variety of factors such as lower fuel prices, a growing economy, and a resurgence in airline travel.

WestJet in particular has stoked the imagination of investors for well over a decade, personifying a classic growth story; it went from being a small domestic airline with just a handful of planes to becoming the second-largest airline in the country with aspirations of landing on other continents and setting up its own feeder airline.

A dream come true

When WestJet unveiled regularly scheduled trans-Atlantic service just over two years ago, many in the industry applauded the measure by the airline to overcome its stereotype as a low-cost domestic/cross-border carrier.

By pushing into the lucrative international market, WestJet stopped being just a feeder airline for larger carriers.

Unfortunately, the initial rollout of trans-Atlantic service was mired in delays and growing pains stemming from operating the larger, albeit older, 767 aircraft that the company leased for its expansion.

WestJet recently moved the bar a little higher, which will leave airline enthusiasts and investors impressed.

The upcoming line of WestJet Dreamliner 787 jets was revealed earlier this month; it has a new cabin design, plane livery, company logo, and service standard that will have the traditional flag carriers in North America watching it very closely.

Among the enhancements announced, WestJet's new jet will boast a new business class with a host of upgrades, amenities, and fine touches that have been lacking in recent years in the airline industry. An example of those fine touches is positioning seats in business class towards the larger windows to offer premium travelers both a view as well as increased privacy.

Company president and CEO Ed Sims described the new planes and livery as "the dawn of a new era for WestJet and the next step in our transformation to a global network airline."

Is WestJet a good investment?

The new Dreamliner planes and updated livery are going to be a huge draw for WestJet, and there are likely to be new destinations for the carrier. Earlier this year, WestJet sought permission and the requisite approvals to gain access to fly to both China and Japan.

The 787 has the potential to fly a wide variety of long-haul routes, such as those necessary to reach cities in both China and Japan non-stop from Canada.

Beyond the new routes, WestJet's new low-cost airline Swoop is slated to begin flying early this summer. This is not only an expansion for the company, but a shift as WestJet moves more towards a premium offering (albeit still at a lower cost), while Swoop takes the growing ultra-low-cost market and provides feeder service to the growing WestJet.

In terms of results, WestJet announced earnings for the most recent quarter last week, which included net earnings of \$37.2 million, or \$0.32 per diluted share. The most recent quarter was challenging for the company, with earnings coming in lower than the same quarter last year but still achieving a record 52nd consecutive quarter of profitability.

WestJet also offers investors a very attractive dividend, which comes with a 2.75% yield.

In my opinion, WestJet remains an intriguing investment option for those investors looking at [airline stocks](#) that hold growth and income potential. And while there is uncertainty over the ongoing pilot dispute, long-term prospects for the company remain as strong as ever.

CATEGORY

1. Investing

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/08/18

Date Created

2018/05/14

Author

dafxentiou

default watermark