



## WestJet (TSX:WJA) Will Miss December 31st Dividend Payment

### Description

One of the primary reasons for investing in dividend stocks is the promise of payouts. [Airline stocks](#) have had a difficult time in recent years. **WestJet Airlines** (TSX:WJA), in particular, has not been enjoying itself. Climbing more than 70% in 2019, the shares have gained momentum since **Onex** announced that it should acquire the company.

From a transaction valued at around \$5 billion back in May, Onex expected to acquire the publicly traded airline company. WestJet had been paying quarterly dividends of \$0.14 per share. With the acquisition by Onex, WestJet had announced that it would pay investors their final dividends of \$0.14 per share on December 31, 2019.

Onex and WestJet recently announced that the newly acquired airline company would no longer be liable to pay shareholders dividends.

### The deal pulled through faster

WestJet was ultimately on track with paying shareholders the quarterly dividends as they have in the past, despite Onex taking over. Both companies announced that there was a change in plans since the deal between the two companies closed earlier than expected on December 18, 2019.

The airline's board of directors declared its intent to disburse dividends on December 28, 2019, when the deal was still underway. The Toronto-based private equity firm and the affiliated firms of the company announced that the final regulatory approval was met on December 17, 2019. WestJet continued to achieve control and ownership requirements based on the Canadian law following its purchase by Onex.

Onex declared that its portion of the total equity investment is around \$345 million as a limited partner. It is also the largest investor among the Onex Partners V, and it did not disclose more information apart from that regarding the deal.

## What happens moving forward?

As far as the current investors of WestJet are concerned, Onex is planning to pay shareholders \$31 in cash for each share of the company that they own. The shares will soon be delisted from the Toronto Stock Exchange within a few trading days to make WestJet a purely private company again.

Onex was required by the Canadian Transportation Agency to amend its bylaws to ensure that matters related to WestJet would be voted by the board of directors where a majority of Canadian directors are present.

## Foolish takeaway

Not receiving dividends, as promised, might be a little disappointing for shareholders. It is a business, and in a hostile economic environment, acquisitions do take place, and with new ownership, things must change for companies. Shareholders are going to receive a decent amount per share as the company gets delisted. In uncertain economic times, I think investors should look towards more [secure stocks](#) that can be fantastic long-term investments.

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