

Jet blue airways

Business



Final Project Summary

Jet Blue Airways is a low prices airline providing low costs flying services to its consumers. The main mission of this airline is to provide high quality services to its customers in every aspect of air travel. The company should also aim on combining their low cost services with luxury and comfort in order to enhance their services.

For the year ended 2014, the financial ratios of jet blue airlines reflected strong financial results. The company experienced a growth in the net income by 38%. These totals up to \$232million with the exclusion of \$241million gain from the sales of their subsidiary. Their net-to-debt-capital decreased by approximately 6. 5 points. The return on invested capital also experienced a growth by a percentage point to 6. 3%. The stock price increased nearly 85% during the year 2014.

One of the main and major competitors of jet blue airlines is southwest airlines. This is a low cost airline services organization. Compared to jet blue, southwest experienced a total of \$1. 4 billion net income. The operating income also increased by 74. 1% to a total of \$2. 2 billion. Return on invested capital increased to a percentage of 21. 2%. This shows an increase of 8. 1 points.

Among the strengths of jet blue is the customer service it provides. The services are exceptional. The company is also endowed with attractive amenities. It caters for customers who have been underserved in other airlines. Among the weaknesses, jet blue has high debt levels. The earnings are also correlated with fuel prices. Jet blue has diverse opportunities. The company has the potential of expanding into new and existing markets and the higher margin services have typically attracted travelers. Competition
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from other airlines and the risk of geographic situation are among the main threats that jet blue faces.

While the risks and high prices of fuel are present, the positives seem to outweigh the negatives in the context of jet blue airlines. Given a bright outlook, price appreciation could be seen by investors. Due to the success of the expansion plan of the company, an appeal for long-term investors could also be made.

Work Cited

Pires, Heloisa Márcia, and Elton Fernandes. " Malmquist financial efficiency analysis for airlines." *Transportation Research Part E: Logistics and Transportation Review* 48. 5 (2012): 1049-1055.