

Share Review

Southwest Airline [LUV] share price on 23 October 2014 \$34.18

Southwest Airlines Co. (Southwest), incorporated in 1967, is a passenger airline that provides scheduled air transportation in the United States, scheduled air transportation in the United States and near-international markets. As of December 31, 2012, the total fleet operated by Southwest and AirTran combined consisted of 694 aircraft, including 606 Boeing 737s and 88 Boeing 717s. Southwest principally provides point-to-point, rather than hub-and-spoke, service. AirTran principally provides hub-and-spoke, rather than point-to-point, service, with approximately half of AirTran's flights originating or terminating at its base of operation in Atlanta.

Company Facts

Code	Market cap:	Sector	Exchange	Currency	Indices
LUV	\$19.39 Billion	Airlines	NYSE	US \$	S&P 500

Southwest Airlines [Web Site](#) Key Features

- It is a Multi-Billion Dollar Airline company trading on the New York Stock Exchange.
- The airline operates the largest fleet of Boeing aircraft in the world to serve 93 destinations in 40 states, the District of Columbia, the Commonwealth of Puerto Rico, and five near-international countries via wholly owned subsidiary, AirTran Airways.
- In its 44th year of service, Dallas-based Southwest Airlines (NYSE: LUV) continues to differentiate itself from other carriers with exemplary Customer Service delivered by more than 45,000 Employees to more than 100 million Customers annually.
- With 41 consecutive years of profitability, the People of Southwest and AirTran operate more than 3,600 flights a day
- Southwest is the nation's largest carrier in terms of originating domestic passengers boarded Based on the most recent data available from the U.S. Department of Transportation.
- The airline also operates the largest fleet of Boeing aircraft in the world to serve 93 destinations in 40 states, the District of Columbia, the Commonwealth of Puerto Rico, and five near-international countries via wholly owned subsidiary, AirTran Airways
- In December 2013, Southwest Airlines Co acquired 12 takeoff and landing slots at New York's LaGuardia Airport being divested by American Airlines as part of its merger with US Airways.
- In 2013, Southwest returned \$611 million to Shareholders through repurchasing \$540 million of common stock (approximately 38 million shares) and distributing \$71 million in dividends
- Southwest's fleet offers leather seating and the comfort of full-size cabins, a majority of which are equipped with satellite-based WiFi connectivity over the United States, which enables live and video-on-demand TV currently FREE compliments of DISH, and a new cabin interiors.
- Southwest acquired AirTran Airways in May 2011 and by the end of 2014 intends to complete the full integration of the AirTran network into Southwest
- Southwest Airlines rewards and recognizes Employees with [cash awards](#)
- [Southwest Airlines Reports Record Quarterly Profit](#)
- Year on year share performance increase 131.3% (23 Sept 2013 \$14.4 24 Sept 2014 \$33.4)
- [2014 Quarter 3 Southwest Airlines Financial Results Release](#)

Recent News

- [24 Sept2014] Southwest Airlines® (NYSE: LUV) has signed an agreement with Red Rocks Biofuels LLC (RRB) to purchase low carbon renewable jet fuel, made using forest residues that will help reduce the risk of destructive wildfires in the Western United States. The airline's agreement with RRB covers the purchase of approximately three million gallons per year. The blended product will be used at Southwest's Bay Area operations with first delivery expected in 2016.
- Southwest Airlines' (NYSE: LUV) Board of Directors declared a quarterly dividend of \$.06 per share to Shareholders of record at the close of business on August 21, 2014 on all shares then issued and outstanding. The 152nd consecutive dividend was be paid on September 12, 2014.
- Southwest Airlines and SeaWorld are terminating their 26-year-old marketing relationship which will end at the close of this year. The announcement comes after Southwest (NYSE:LUV) felt continuing pressure from animal-rights activists to end its relationship with SeaWorld (NYSE:SEAS) due to animal cruelty. The airline however maintains it was strictly a business decision. "Southwest and SeaWorld mutually determined that we wanted to redirect resources in other directions," says Southwest spokeswoman Marilee McInnis.

FUNDAMENTAL ANALYSIS

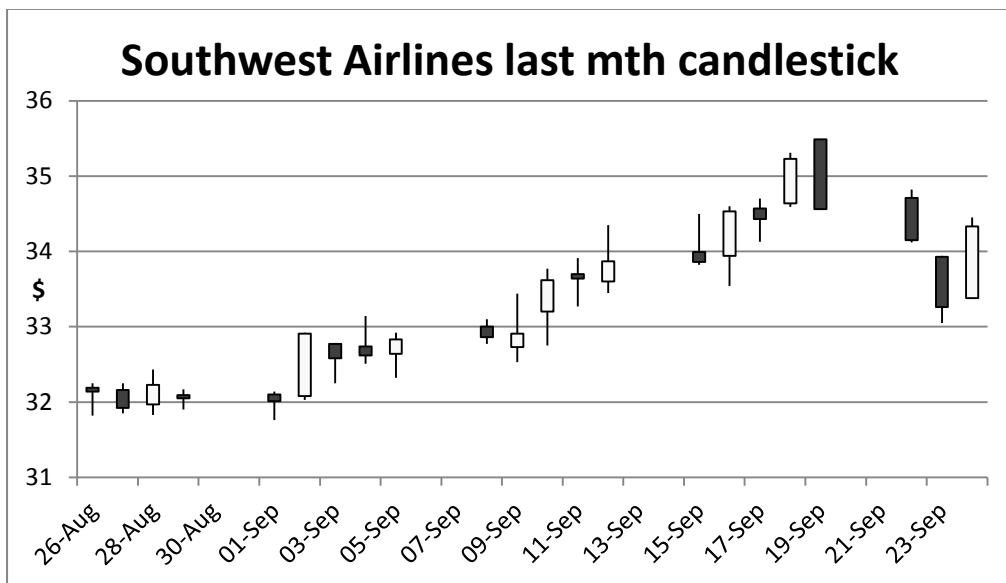
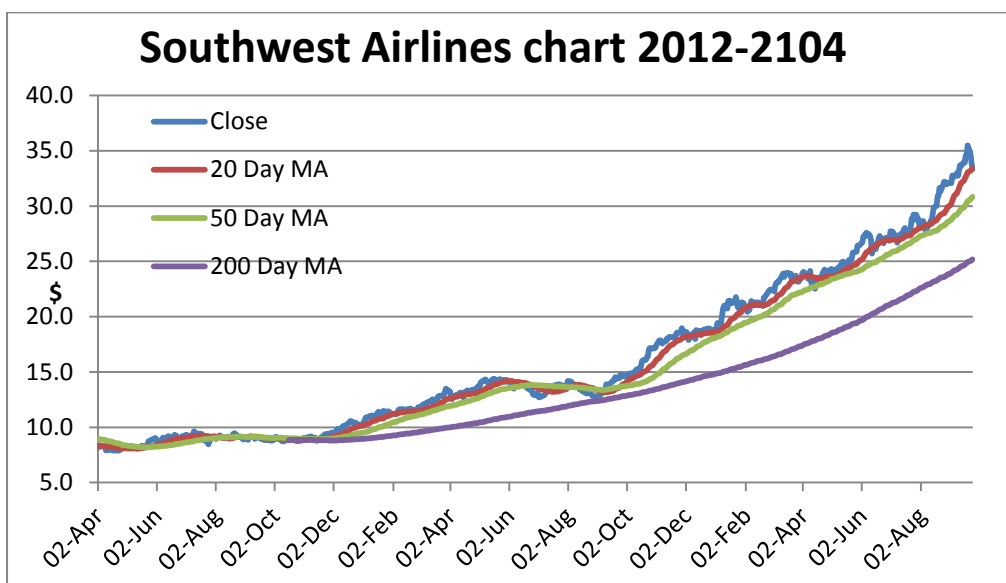
Company Statements [2013 Annual Report](#) : [July 2104 grly report](#)

FINANCIAL PERFORMANCE

Southwest Airlines	Year ended 31 Dec 2012 \$m	Year ended 31 Dec 2013 \$m	Year on Year Movement %
Revenue	17699	17088	3.5
Operating Income	1278	623	105.1
Profit before Tax	1209	685	76.5
Assets	19345	18596	4
Return on Invested Capital	13.1%	7.2%	81.9%
EPS (cents)	106c	56c	89.2
Dividend Yield %	0.70%	0.30%	133%
EPS (Basic)	29.3P	35.8p	6.5p

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TECHNICAL ANALYSIS - Southwest Airlines [LUV.L] UPDATE Technical Diagnosis – Moving averages give a good indication of the vitality of the share in the long run. Southwest Airlines has seen impressive share performance since Jan 2013. With Share price and Moving Averages moving in a consistent upwards fashion momentum has been evident. The sustained share price growth has been exponential with year on year growth of 106% for one year and 209% for 2 years. This is a share that has shown gradual long term price appreciation in the past. The continual upward 200 day moving average implies long term sustainability and since my first review has continued in an encouraging upward momentum. Last months candlestick have in the main been positive. A recent pullback on the 19 Sept saw recent bearish candles but this was halted with a bullish belt hold line candlestick on 24 Sept with a bullish rally on that day. I originally acquired 185 shares on 6 Aug at \$27.84. My conviction in this share has provided me with a 20% profit in a month since purchase [price 24 Sept \$33.40] On 25 Sept I bought a further 69 Shares at \$33.98 due to the continued impressive performance in Southwest Airlines. *Please note this analysis is not advice but interpretation of potential market moves. Past performance is no guide to the future.* Share 1st Reviewed on 3 Aug 2014 \$28.43. Second Reviews 25 Sept \$33.40 Current Price 23 October \$34.18



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