OPINION ON BACHELOR THESIS

Topic: Evaluation of Profitability and Liquidity of the Company China Southern Airlines

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The submitted bachelor thesis deals with the evaluation of profitability and liquidity. These areas of financial analysis can be considered the very significant for finding out financial condition of the company. From this point of view this topic is possible to consider for actual and contributive.

The goal of the thesis is to appraise the performance of China Southern Airlines Company Limited through two aspects: profitability and liquidity from 2008 to 2012 then compare it with other companies in civil aviation industry.

Besides introduction and conclusion the bachelor thesis is divided into three main chapters. The first one is concerning the description of the profitability and liquidity evaluation methodology. The second chapter is devoted to the description of basic characteristics of the company. The last one analyses profitability and liquidity of the chosen company.

In the first chapter the author describes financial statements and theory concerning common size analysis, financial analysis and pyramidal decomposition. Within financial analysis the author pays attention to profitability and liquidity ratios. In the end of this chapter the author presents pyramidal decomposition and methods for influence quantification.

In the second chapter the analysed company is introduced. The author describes history, culture and makes a common-size analysis of the financial statements.

The last chapter is devoted to analysis of profitability and liquidity of the company and the comparison of these ratio is made with competitor companies (Air China Limited and China Eastern Airlines Company Limited) for the period 2008 – 2012. For quantification of influence of partial indicators on ROE indicator and cash ratio the author makes pyramidal decomposition analysis. The results are presented in tables and graphs and provided by suitable comments and findings.

Considering fulfilling the formal guidelines for writing the final thesis, I recommend the bachelor thesis to the defense.

Ostrava, May 30, 2014

Ing. Ingrid Petrová