SUPERVISOR’S BACHELOR THESIS REVIEW

Title: Financial analysis of Cathay Pacific Company
Student: Yue Wang

Bachelor thesis of the student Yue Wang concentrates on traditional topic of financial management, i.e. financial analysis of a company. This area of the financial management is always important for company management for company financial position analysis and making additional decisions if the expected results divert significantly from the real ones. From this point of view the topic for bachelor thesis has been selected appropriately. The topic of the bachelor thesis and its difficulty fully corresponds to the requirements on bachelor thesis at the Finance department.

The goal of the bachelor thesis – as declared in the introduction – is the financial analysis of the Cathay Pacific Company. As it is apparent from the results, the goal of the bachelor thesis was fulfilled.

Bachelor thesis is in accordance with the bachelor thesis assignment divided into five main chapters, where the chapter fourth – the application part – is the most important part of the bachelor thesis.

Second chapter concentrates on the methods description, which will be applied in the practical part of the bachelor thesis, i.e. common-size analysis (horizontal and vertical), financial ratios application and pyramidal decomposition and analysis of influences.

Chapter three is focused on the rough description of the Cathay Pacific Company description – one of the leading airline companies operating in Asia region providing both international and domestic flights.

The most important part of the bachelor thesis is the chapter fourth. Here, authors made the financial analysis of the selected company. Data source are financial statements of the company over the period of 2007-2011. First, horizontal and vertical analysis is applied on balance sheet, P/L statement and cash flow statement. Next, by financial ratios profitability, liquidity, activity, solvency and capital structure is analysed. In the end, pyramidal decomposition and analysis of influences is employed. Here, author has selected ROE as a basic ratio and three different component ratios (here profit margin, assets turnover, financial leverage). For analysis of influences, two methods are applied: method of gradual changes and logarithmic method. Results of this analysis are summarized in the Tab. 4.10 – 4.12.

Results of all methods applied are commented, summarized in the tables and graphically presented.

Overall summary

On the basis of the results and contents of the bachelor thesis it is possible to say, that the main aim was fulfilled. Author of the thesis has turned out to be able to solve the financial problem, which is the main assumption to recommend the bachelor thesis for defence.

Ostrava, 20th June 2013

Ing. Miroslav Čulík, Ph.D.
bachelor thesis supervisor