# FINE 332
# Corporate Finance I

## Module 1 Problem Set
## Introductions, Financial Statements, and Ratios

**This problem set uses Alaska Air Group, Inc. as the basis for ALL questions. To start, go to the airline's investor relations page and get its latest annual report (10-K).**

1. Using the firm's selected financial data:
   a. Make a table showing the income statement (in million \$). Note that any expenses that do not have their own specific line listed should be grouped under "All other expenses". The net income lines must tie using formulas.
   b. Use the table created to create a common size income statement (as a % of operating revenues for that year).
   c. Show year-on-year (YoY, in %) growth
   d. What happened to the profit margins?
   e. What are the actual tax rates?

2. Using the operating stats, what is the YoY growth rate for:
   a. Yield?
   b. Operating expense per available seat mile (CASM)?
   c. Revenue passenger miles (RPMs)?
   d. Fuel price (\$/gallon)?
   e. Considering the above, what factors, other than the pandemic, do you think are affecting margins the most? Be specific.

3. Using the firm's balance sheets, show:
   a. Balance sheets as shown (in million \$); show only net property & equipment lines.
   b. Common size balance sheets.
   c. Are there any outliers in the balance sheets that you think merit mentioning?
   d. For these years, what is the net working capital position? Current ratio? Quick ratio? Total debt ratio? Return on assets (ROA)? Return on equity (ROE)? What is the latest p/e ratio (use Yahoo Finance)?

4. Using the Statement of Cash Flows, which items stand out to you and why?

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5. Go to the carrier snapshot section in the Bureau of Transportation Statistics of the U.S. Department of Transportation:
    a. What are the top three markets by share?
    b. What happened to passenger yields?
    c. What happened to costs per ASM?
    d. What do you think this means for the bottom line?
    e. What are the top three city pairs?