

Case Study Assignment
Aviation Economics and Financial Analysis
M.Sc. in Air Transport Management
ITU Aviation Institute

Due on 3 December 2014
17:00 via email

Dear Program Fellows:

Logistics for the Project Report

- The Case Study Assignment for the “Aviation Economics and Financial Analysis” is due on 3rd of December by 17:00 sharp - no extensions or no excuses for whatever reason!
- For each project group, the group lead should send the Case Study Report as a soft copy (.doc, .docx, .ppt, .pptx or pdf) to Prof. Gokhan Inalhan. He will share it with Prof. Gillen, Prof. Tretheway, and Prof. Toru Delibaşı.
- Each report should include all the names of the Program Fellows within the group.
- You should take time to meet and discuss your reports and do a group work, instead of just exchanging emails and assigning parts of the project to each group member!
- There is no specific guideline or format the groups should follow. Please feel free to create your own report formats. However do not forget to include a logo of THY Aviation Academy and a logo of your university ITU within the project cover pages.
- The official logo of ITU can be found under: <http://www.itu.edu.tr/itu-hakkinda/kurumsal-kimlik/itu-kurumsal-kimlik> . Do not use any other logo (or logo that you find somewhere from the internet). For the THY Aviation Academy logo, please use the logos from <https://akademi.thy.com/en-en/media/logos> . Do not use any other logo (or logo that you find somewhere from the internet).

- Please also include the name of your group, the name of the Institute and the program and the class name to which this project is associated. In this case these would be :

Group XXX
Estonia Air Big Buy
Aviation Economics and Financial Analysis
Case Study
Name of the group members
M.Sc. in Air Transport Management
ITU Aviation Institute

- In the cover page, at the bottom, put the date that you submit the case analysis.
- Project Report language is English! **There is 15 pages limit, including tables and charts.** However preciseness, strategic thinking and valuable content will get you an AA not a huge report.
- While sending the report please use the inalhan@gmail.com instead of inalhan@itu.edu.tr address as the itu email has 10MB quota and it will not be able to receive emails with larger size attachments.

Case Study

Using your understanding of the economics of the airline industry and the financial analysis you have studied, please answer the following questions. There is no absolute right or wrong answer, what is important is to provide an explanation, a convincing argument that answers the questions posed.

We have assembled a brief PowerPoint presentation on Case analysis for those who have not cases before and for those of you who may not have case analysis for a while.

The case study related materials, namely the PowerPoint presentation and Estonian Air's Big Buy documents can be found under:

- <http://aviation.itu.edu.tr/Icerik.aspx?sid=13175>

Case Questions

1. What are the competitive groups of the worldwide airline industry? Illustrate a competitive map of Estonia Air's position in the industry. (15 marks)
2. What is your assessment of the degree of competitiveness in the regional airline industry? (20 marks)
3. Should Estonia Air expand its fleet? Why or why not? (15 marks)
4. From a financial point of view, which alternative would be best for Estonia Air over the next six years (the term of the lease)? Be sure to take into account variations in fuel prices, passenger traffic growth, ticket prices and staff salaries. Remember that Estonia Air can consider adding zero, one or two planes. You might try to evaluate each plane Estonia Air is considering in terms of operational criteria (load factors, scheduling, crew and maintenance training, etc.) (20 marks)
5. Considering both the qualitative and quantitative analysis completed, what do you recommend for Estonia Air? Be sure to include a discussion of the factors that led to your decision. (30 marks)

Total: 100 marks

The Expected Report Content

The case study report should include a general description of the issue, financial analysis of the routes, a list of issues that must be addressed before implementation of your recommendation, and an overall recommendation. The recommendation must be based on sound economic reasoning.

Grading

- The grading style in ITU is as follows. A good job will get you an AA, a mediocre job will get you a CC.

AA : 4.0/4.0

BA : 3.5/4.0

BB : 3.0/4.0

CB : 2.5/4.0

CC : 2.0/4.0

DC : 1.5/4.0

DD : 1.0/4.0

FF : 0.0/4.0

- The minimum passing grade for a graduate class at ITU is CC. For any grade that you get below CC for a mandatory course, you would need to repeat that mandatory course.
- For you to be able to graduate from the program the minimum total GPA required is 3.0 which corresponds to BB for the overall GPA.
- Please take these into account while preparing your reports or getting ready for exams.