



Initial Handout for Interviewee (cont.)

*Regional Jet Corporation
Profitability by Business (1999)*

	Jet Engine Aircraft Business		Propeller Aircraft Business	
	Amount (\$mm)	% of Total	Amount (\$mm)	% of Total
Revenues	\$730	100%	\$225	100%
COGS	\$(588)	(81)%	\$(86)	(38)%
SG&A	\$(84)	(12)%	\$(16)	(7)%
Delivery & Other	\$(42)	(6)%	\$(8)	(4)%
Taxes (40%)	\$(15)	(2)%	\$(46)	(20)%
Net Income	\$1	0%	\$69	31%
Capital Charge (10%)	\$(21)	(3)%	\$(3)	(1)%
Economic Profit	\$(20)	(3)%	\$66	30%

Note: Assume debt-to-total capital of 70%



Additional Handout for Interviewee

Jet Engine Regional Aircraft Business Per Aircraft Economics and Profitability by Customer Segment (1999) Per Aircraft Economics (1999)

(thousands)	Per Aircraft Cost
COGS	\$(5,880)
SG&A	\$(840)
Delivery & Other	\$(420)
Taxes	\$(504)
Capital Charge	\$(214)
Total Economic Cost	\$(7,858)

Profitability by Customer Segment

(millions)	Customers Who Buy 1 Aircraft	Customers Who Buy 3 Aircraft	Customers Who Buy 20 Aircraft
# of Customers	5	11	3
Revenues	\$42	\$280	\$408
COGS	\$(29)	\$(206)	\$(353)
SG&A	\$(4)	\$(29)	\$(50)
Delivery & Other	\$(2)	\$(15)	\$(25)
Taxes	\$(3)	\$(12)	0
Net Income	\$4	\$18	\$(20)
Capital Charge	\$(1)	\$(7)	\$(13)
Economic Profit	\$3	\$11	\$(33)
# of Aircraft Delivered	5	35	60
Share by Segment	2%	33%	50%