

SCIENTIFIC ADVISOR'S REFERENCE

Program:	Master in Corporate Finance
Student:	Evgenia A. Temnysheva
Title of thesis:	The Use of Fundamental Value for Private Equity Valuation: the Case of Russian Economy

<p>Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis. Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.</p>
<p>Private Equity (PE) is a hot topic of the current business life. World statistics of LBOs, formation of venture funds, and etc, is great. In Russia we have very few facts of appearance of PE. The reason is that (1) institutional environment does not exist, and (2) valuation technique is not adequate because of only few traded companies. So, the problem was to draft necessities in institutional development and provide (and analyze applicability) of valuation methodology.</p>
<p>Structure and logic of the text flow. Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.</p>
<p>Chapter 1 is devoted to PE institutions and the role of valuation. Chapter 2 is devoted to detailed description of retained earnings model. Possible applications to PE are outlined. Chapter 3 is devoted to consideration of two cases of Russian companies restructuring (transformation to one share). This is an approach to verify the model.</p>
<p>Quality of analytical approach and quality of offered solution to the research objectives. Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.</p>
<p>The paper is positive in its nature. It provides two versions of residual income valuation model (with and without intercept) as a template for universal valuation. Actually this the second attempt of verification of this model after the IPOs pricing tests.</p>
<p>Quality of data gathering and description. Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; completeness and relevance of the list of references.</p>
<p>Both cases are devoted to important stories of transformation to one share in large holding structures. The data a taken from the companies' reports. As a technical tool it was necessary to make residual income model at correspondent dates. This is huge experimental work. The list of references is adequate.</p>
<p>Scientific aspect of the thesis. Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative), developing methodology/approach to set objectives.</p>
<p>This is a theoretical paper based on huge experimental work on Russian companies' valuation. In the two cases observed the result is quite satisfactory (comparing to reality).</p>
<p>Practical/applied nature of research. Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.</p>
<p>The thesis is very important since it provides a framework for PE market in Russia, which is under development. The author is a great enthusiast of PE research.</p>
<p>Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defence, correct layout of tables, figures, references.</p>
<p>Layout fulfils the requirements and of good quality.</p>

The Master thesis of Evgenia A. Temnysheva meets the requirements for master thesis of MCF program thus the author of the thesis can be awarded the required degree.

Date: June 12, 2012

Scientific Advisor:
Professor of Finance



Alexander Bukhvalov