

SCIENTIFIC ADVISOR'S REFERENCE

Program:	Master in Corporate Finance
Student:	Irina N. Ryzhkova
Title of thesis:	IMPACT OF NON-FINANCIAL INDICATORS ON MARKET VALUE OF INTERNET FIRMS

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.

Internet companies, because of their specifics, became a typical area of valuation based on Real Options Analysis (ROA). Obviously these real options should bring to our consideration some specific indicators. It determines the goals and objectives of the thesis.

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.

Chapter 1 provides us both literature survey and an approach to classification of Internet subindustries, which will be used in the course of main research. Chapter 2 analyses financial and non-financial (Internet-specific) factors, which may affect the value of a company. The approach is based on few existing publications. Chapter 3 presents the main findings of the thesis. This is an empirical study of Internet companies in the USA based on regression analysis. The logic of presentation is clear.

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.

Models studied in Chapter 3 provide us with better understanding of Internet specifics. The author considers regressions on BV, NI and one of Internet-specific indicators (the latter are highly correlated). The author considers full Internet sample, Web portals, E-commerce and software producers subindustries. She finds some specific points on subindustries.

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.

The data were gathered from original US sources. They are completely adequate.

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.

The paper provides a contribution to understanding of Internet companies' valuation in developed markets. It may occur instructive for Russian companies as well, for example, in their IPO planning. The research is of good quality though regression analysis could be more complete.

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.

The paper is quite practical as a valuation methodology. I would like also to mention that in her rel life the author is a great enthusiast of Internet companies' management.

Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defence, correct layout of tables, figures, references.

Layout fulfils the requirements and of good quality.

The Master thesis of Irina N. Ryzhkova 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