

REFEREE'S REVIEW

Program:	MCF
Student:	Kirill Naumov
Title of thesis:	Value Creation through Acquisitions: the Event Study of Russian Traded Companies

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.			3	
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.		4		
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.	5			
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.		4		
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.			3	
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.		4		
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.		4		

Each item above is evaluated on the following scale, as applicable: 5 = excellent, 4 = good, 3 = satisfactory, 2 = poor.

Additional comments:

The paper analyses the connection between acquisitions, performed by Russia companies and abnormal returns on stocks of those companies. The methodology chosen is "event study", which is widely used in the analysis of similar questions. The presentation is not very clear. I would like to make the following comments on the text:

- In the introduction, the topic of the research is motivated not by the importance of the research questions, but by the fact that there were no analyses that apply given method to given dataset.
- In the task description, task 8, which is the only non-technical task, is badly phrased: it is unclear what and what needs to be compared.
- Some formulas (e.g., pg 17) are missing explanations, which becomes clear only after
- Paragraph 1.3.2 should summarize evidence from developed market analysis provides three sets of papers that support different conclusions. No analysis is done why they arrive at different conclusions, what differs in data/methods the studies use. If presented in this way I see no reason for this paragraph to be included in the text.
- On page 25 the same tasks as in the introduction are formulated but with different numerations, same about research questions.
- I was very puzzled by the data construction: from 21,000 deals selected initially the author leaves only 39 observations. The selection criteria are presented, but no explanations were given why the majority of deals were left behind. I think this is the most important flaw of the sample construction part.
- Page 33, explanation of construction of Rebalanced Event Portfolio is unclear

Two hypotheses were formulated: "Russian Acquirers from the Oil & Gas, Metals & Mining, and Financial Sectors deliver positive abnormal returns compared to Russian market" and "Russian traded Acquirers deliver positive abnormal returns compared to their peers in the corresponding sector". The formulations of both hypotheses are clear, the testing of the first hypothesis is clear as well, but the explanation of the second hypothesis testing was unclear to me. What was the reason to compare MICEX sector index with MICEX index? (Beginning of page 33)

I believe that the most important drawback of the paper is that the paper is seriously mistitled. In the title of the paper "Value Creation through Acquisitions: the Event Study of Russian Traded Companies" the author claims that acquisitions create value, while in fact it was shown only that the set of companies that is involved in acquisitions delivers higher return than their peers, and the reason could easily be the opposite: the group of companies that delivers relatively higher return has the money to be involved in the acquisition activities. The author does not pay attention to this possible feedback effect.

Also, it's better to use 'listed companies' or 'publicly traded companies' or 'public companies' in the title. 'Traded companies' is very ambiguous.

Nevertheless, Master thesis of Kirill Naumov meets the requirements of MCF program, and deserves a **good** grade, thus the author can be given the desired degree.

Date June 13, 2012

Referee: *(academic title, name)*

Victor Archavski, PhD

