

## SCIENTIFIC ADVISOR'S REFERENCE

<b>Program:</b>	Master in Corporate Finance
<b>Student:</b>	Konstantin V. Andreev
<b>Title of thesis:</b>	Influence of dynamic of residual earnings on quality of valuation using Ohlson model on Russian market in different macroeconomic cycles

### **Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis.**

The paper is logical and well structured. In the introduction part Konstantin V. Andreev substantiated the relevance of the topic, defined the goal and consistent objectives, the object and the subject of the research, briefly presented the methodology and sources of information, provided the literature review and results of existing Russian and international studies, devoted to the topic of this research. In the first chapter the student described the methodology-related to the Ohlson model, and experience of this model application on the Russian market. The second chapter considers macroeconomic cycles, and the author grounds that the account of those cycles in modeling could improve the quality of the model for company's valuation. Besides that in this chapter the author states the research question and research hypotheses. Hypotheses are well based; contain assumptions on the relations between the market value and fundamental value of the company that are analyzed in the existing literature on this topic. In this part of the study the author also provides the detailed algorithm of the sample selection for the empirical study. In the third chapter K. V. Andreev provides the results of the comprehensive empirical study testing research hypotheses. The theoretical and methodological base for the research is formed by the studies of Russian and foreign experts in corporate finance. The author did a big deal of work for data collection, clearly substantiated criteria for the sample selection. The information base of the research is SKRIN and SPARK databases.

### **Structure and logic of the text flow.**

The structure of the paper is logical and well structured, there are no any logical inconsistencies in favor of particular parts, the introduction and conclusion parts are of a good quality. Theoretical assumptions are well related to the practical part. The thesis provides clear conclusions on how the results of the empirical research could be used for managerial applications.

### **Quality of analytical approach and quality of offered solution to the research objectives.**

Konstantin V. Andreev demonstrated himself as an independent researcher. The paper shows the author's ability to define and clearly substantiate the problem, to provide the ways to solve it. It is worth noting that the author demonstrated his independence in the analysis of the literature, methodology development, empirical analysis. In the empirical part Konstantin V. Andreev showed his good skills applying statistical and econometric methods. The paper contains its own competent and substantiated approach to the research problem statement and its solving, independent choice and grounding of the empirical research model. Regression analysis methods are applied for the empirical study on the representative sample of Russian companies. The study is conducted on a high level and is a complete research. Therefore the quality of analytical approach could be evaluated as high.

### **Quality of data gathering and description**

The data is valid and relevant. The methodology and analysis methods (descriptive statistics and regression analysis) are relevant for this research, processing the data collected.

The list of references is relevant and contains recent papers as well as classical ones devoted to the chosen study issue.

### **Scientific aspect of the thesis.**

The thesis is conducted independently.

The author applied existing methodology used in previous studies to identify the link between the market and fundamental value, modifying existing models.

Empirical findings are analyzed and compared with the results of existing studies.

Taking into account that there are no similar studies on Russian companies, the paper makes a theoretical and practical contribution with this regard too.

**Practical/applied nature of research.**

Empirical model used in the study has been first tested on the sample of Russian companies. The results of the study enabled to formulate a number of practical managerial implications.

The advantage of the study is also a theoretical analysis and empirical investigation of the relationship between the market and fundamental value taking into consideration macroeconomic cycles which had not been considered in studies on the Russian market before. Thus, the applied value of the research can be regarded as high

**Quality of thesis layout.**

The layout of the thesis is good and meets the requirements for master thesis preparation.

The Master thesis of Konstantin V. Andreev meets the requirements for master thesis of MCF program thus the author of the thesis can be awarded the required degree.

Date

14.06.2013

Scientific Advisor:

Asc. Prof. Irina V. Berezinets

