

## REFEREE'S REVIEW

<b>Program:</b>	MCF
<b>Student:</b>	Andreev Konstantin V.
<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

<b>Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis.</b> 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.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>
<b>Structure and logic of the text flow.</b> Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>
<b>Quality of analytical approach and quality of offered solution to the research objectives.</b> 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.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>
<b>Quality of data gathering and description.</b> 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.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>
<b>Scientific aspect of the thesis.</b> 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.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>
<b>Practical/applied nature of research.</b> 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.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>
<b>Quality of thesis layout.</b> Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>

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

### Additional comments:

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

The paper is devoted to the issue of valuing companies using Ohlson model on the Russian market. Although the models for valuing Russian companies on the grounds of the Ohlson's approach have already been developed, the author strives to further study the impact of dynamics of residual earnings on the valuation results. This goal requires that the original models be modified and then empirically tested. This task is completed in the current paper. Additional scientific contribution of the thesis is that the author shows what model is preferable for different macroeconomic stages that are the growth cycle, the crisis cycle and the recovery cycle. This goal is achieved using the data on Russian companies from 2004 till 2011 that encompasses all these three stages. I assume that the aim and objectives of the master thesis are original and up-to-date. The aim, objectives, topic and content of the thesis are aligned.

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

The thesis is structured logically. In the first chapter the author describes the main valuation models reasonably paying the most thorough attention to the Ohlson model. The author analyses the assumptions of this model and studies the cases of its implementation on the Russian market. The second chapter is devoted to research methodology. The author states his research problem and hypotheses clearly; describes and justifies the modifications he makes to the original models tested on the Russian companies; depicts the

sample of data he uses in order to test the modified models. The third chapter contains results of the empirical study conducted by the author as well as the description of their practical implementation. Theoretical and empirical parts of the research are aligned.

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

The objectives of the thesis are covered. The student showed the abilities to convey the research problem and offer options for its solution. The results are justified. It's noteworthy that the author verifies the empirical results of the study by analysing the IPO cases of several Russian companies, thus providing practical implementation for the research outcomes.

**Quality of data gathering and description**

The choice of research tools and methods is justified. The data description is good; however it'd be better if the author provided the list of companies he used in his research. It'd also be useful to compare and analyse the descriptive statistics of the variables of regression models for different economic stages (not just place this data in the Appendix without any comments). List of references is mostly relevant, however it also contains items that can never be used for the reference in a scientific paper (that is, N 29. Wikipedia).

**Scientific aspect of the thesis**

The author showed independent scientific thinking in solving the set of objectives; he justifies the choice of the research models and carefully collects data for the empirical study.

**Practical/applied nature of research**

The results of the thesis have clear practical nature. The thesis shows that the considered models can be used for forecasting the IPO stock price of a company.

**Quality of thesis layout**

Layout fulfils the general requirements of the Regulations for master thesis preparation and defense, although it could have been better: the structure of the paper could be improved, as some sections (for ex., 2.4.1, 2.5.1) cover less than a page; additionally, all formulae in the text should have been numbered.

Master thesis of *Andreev Konstantin V.* **meets** the requirements of MCF program, and deserves an **excellent** grade, thus the author can be given the desired degree.

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