

## SCIENTIFIC ADVISOR'S REFERENCE

<b>Program:</b>	Master in International Business
<b>Student:</b>	Kristina Lepekhina
<b>Title of thesis:</b>	Relationship between sources of corporate debt and stock returns during the financial crisis of 2008: evidence from Russian companies with foreign ownership

**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.

Financial crisis of 2008-2009 forced companies to pay more attention to financial policy, a choice of financial instrument as sources of financing. Capital structure is in the focus of financial research during last decades. Less study is devoted to the choice among different sources of debt financing while attracting external funding. This topic is even more relevant with regard to crisis affect. In this thesis the relationship between debt source and stock returns is examined during the period of financial crisis. Analysis is conducted on the sample of large publicly traded Russian firms with foreign ownership. The specifics of these companies is interesting to study and compare to existing research findings. The paper investigates whether there is a relationship between the choice - bank debt financing or public debt in the form of bonds issues - and stock returns during the crisis. The topic is poorly studied in literature, therefore this thesis could make a contribution to existing studies.

The research bears theoretical contribution and provides managerial implications.

The goal of the research is clearly defined. A number of objectives stated are consistent with the goal. The topic in general is covered by the thesis content.

**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.

The structure in general is logical but suffers from some inconsistencies. Theoretical part of the thesis includes literature review and theoretical framework for debt sources, bank loans, bond issues, Russian stock market, and financial crisis. The empirical part starts from the data description on publicly traded large-capitalization Russian firms with the share of foreign owners in the authorized capital not less than 10%. In this part the author provides empirical methodology used for comparison of the relation between the market performance and debt source of companies during three periods around the crisis: the pre-crisis (June 2007-June 2008), the crisis (July 2008-March 2009), and the post-crisis (April 2009-April 2010). Empirical results are provided, followed by conclusions and implications.

Theoretical and empirical parts are in general aligned. Estimation results, theoretical value and managerial implications are substantiated.

**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.

In general the quality of analytical approach meets the requirements to empirical studies. The thesis has research nature and contains practical implications. Analytical approach could have been more deep. The author applied approach borrowed from existing studies and adapted it for goals and objectives of her own research. It was appropriate to provide more detailed literature review and thorough empirical analysis.

**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.

Data are valid and in general relevant. The methodology, research tools and methods are relevant for this type of research, processing the data collected.

The list of references is relevant, but could have been more complete and desirably contain more reputable

papers.
<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.
The thesis is conducted independently. The author applied existing methodology adapted for goals of this research, obtained some new results that help to understand the specifics of corporate environment and debt financing in Russia, related to crisis issues.
<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.
Empirical results are interpreted. Practical recommendations are based on empirical findings. In discussion part the author provides her own view and explanation of results obtained, with regard to specifics of companies' performance in Russia and general conditions of debt financing.
<b>Quality of thesis layout.</b> Layout fulfils the requirements of the Regulations for master thesis preparation and defence, correct layout of tables, figures, references.
The layout of the thesis in general meets the requirements for master thesis preparation.

The Master thesis of Kristina Lepekhina meets the requirements for master thesis of MIB program thus the author of the thesis can be awarded the required degree.

Date

14.06.2015

Scientific Advisor:

Asc. Prof. Yulia Ilina

