

## REFEREE'S REVIEW

<b>Program:</b>	Master in Corporate Finance
<b>Student:</b>	Kushnir Kirill
<b>Title of thesis:</b>	Fundamental valuation of a company and IPO timing: the case of SUEK

<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.	5	<u>4</u>	3	2
<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.	5	<u>4</u>	3	2
<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.	5	<u>4</u>	3	2
<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.	5	<u>4</u>	3	2
<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.	5	<u>4</u>	3	2
<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.	5	<u>4</u>	3	2
<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.	5	<u>4</u>	3	2

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

### Additional comments:

The Master thesis is devoted to fundamental valuation of a company in IPO timing. The topic is of high interest for both – academics and practitioners. The topicality of the Master thesis is proved and well defined.

The goal of this paper is to provide an integrative approach for IPO timing decisions, which includes analysis of changes of company's fundamental value, ownership structure, and other essential events in the terms of RF law, with illustrations on SUEK case. The goal of the research is well defined and the tasks provided in the work help to achieve the goal.

The paper consists of introduction, four chapters, conclusion, list of references and list of tables and figures. The parts are clearly linked between each other. The theoretical basis helps to go on with practical issues of the Master thesis.

For the regression analysis the sample consists of 44 Russian companies whose shares were and are actively traded at least up to the end of 2014. The data is obtained from databases. The data and the sample are relevant for the research, but there are some aspects that should be mentioned below.

The data about companies, dividends, history is taken from Datastream, KASE website and financial information from companies. The research methods are relevant for the research.

The following comments should be mentioned concerning the Master thesis:

- There are four chapters in the Master thesis and some of them are very short. For example the First chapter is from p.11 to p. 20 (9 pages), Chapter 3 – from p.35 to p. 43 (8 pages). I would suggest to restructure the thesis.
- The academic literature review is not prepared on a high level. The author just mentions different papers without deep overview and structured analyzes.
- The author writes that he collects the data about Russian companies based on IFRS (Table 1). But some companies that are show in the table still do not apply IFRS. For example, it is written that

Lukoil started to apply IFRS in 2005, but actually there financial statements are prepared according to US GAAP (<http://top.rbc.ru/economics/01/03/2012/640081.shtml>) that is also confirmed on the web-site of Lukoil (<http://www.lukoil.ru/new/finreports/2014>). That also refers to some other companies mentioned in the table. So some methodological questions arise about the data included in the sample.

- In table 3 it is not clear what currency is used for residual earnings calculation: RUB, USD or EUR? The same question refers to Table 4.
- The companies that are analyzed represent different industries. So to my mind the author oversimplifies the approach of uniforming formula on p.29 for different industries. In this case the data represented in Table 6 based on the formula is also simplified for different industries. Discrepancies presented in Table 6 can also be explained by industry specifics. In some cases the author gets absolutely different results for two years (for example, for Akron in the year 2013 it is -113% while in 2014 the discrepancy is equal to +2%). Unfortunately, the author does not give any clear explanation of the results obtained.
- The author applies the model just to one case. Adding some other cases (even from the same industry) will bring more value to the Master thesis and will bring more reliability to the results obtained.
- The conclusion section is very short and not well developed.
- The formulas in the work are not numbered, so it is quite difficult to refer to them while preparing the review.

Master thesis of Kushnir Kirill in general meets the requirements of Master in Corporate Finance program, and according to the reviewer's opinion deserves a "good C" grade, thus the author can be given the desired degree.

Date: 12.06.2015

Referee:



Tatiana A. Garanina,  
Associate Professor, Candidate Degree in Economics  
Department of Finance and Accounting  
Graduate School of Management,  
St. Petersburg University