

REFEREE'S REVIEW

Program:	Master in Corporate Finance
Student:	Lomp Sofia
Title of thesis:	OPTIMAL CAPITAL STRUCTURE: THE CASE OF RUSSIAN METALLURGICAL 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.	<u>5</u>	4	3	2
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.	5	<u>4</u>	3	2
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	<u>4</u>	3	2
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.	5	<u>4</u>	3	2
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.	5	<u>4</u>	3	2
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.	5	<u>4</u>	3	2
Quality of thesis layout. 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 = the thesis meets all the requirements, 4 = the thesis meets almost all the requirements, 3 = a lot of the requirements are not met in the thesis, 2 = the thesis does not meet the requirements.

Additional comments:

Please, elaborate on the above mentioned criteria (about 500 words)

The approach is interesting and brave, as any approach to find the optimal capital structure looks like a search of magic stick. The level of contribution to selecting and justifying the research questions, models was very high and indicates a good research potential. The strong point is that the author suggested the working model which with certain amendments can be used by companies, when the specific industry or financial system is not in crises.

Currently the paper has more theoretical rather than practical value. Though it is based on real metallurgical companies' data, one needs to understand that huge problems which we currently observe in this industry did not arise from underestimation of marginal curve in tax rates. Problems, that most of metal companies face now, such as inability to find debt financing at *any* interest rate or domination of fixed costs in cost structure are not considered in the paper at all. Thus, in reviewer's opinion the literature review should be more extended into the area of industry risks. The very short paragraph devoted to risks does not cover metallurgical industry risks in all complexity)

Master thesis of Lomp Sofia meets the requirements of MCF program, and according to the reviewer's opinion deserves a "good" grade (ECTS C), thus the author can be given the desired degree.

Date June, 13, 2015

Candidate Degree in Economics,
Associate Professor

A handwritten signature in black ink, appearing to read 'O. Udovichenko', written in a cursive style.

Olga M. Udovichenko