

REFeree'S REVIEW

Program:	Master in Corporate Finance Program
Student:	Evgeniy Rulevskiy
Title of thesis:	Private equity in Russia: application of accounting-based valuation model for non-traded 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.	4
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.	4
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
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.	4
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.	4
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.	4
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.	5

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:

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

The topic of the research paper is «Private equity in Russia: application of accounting-based valuation model for non-traded companies». The relevance of the research topic is determined by the specific of Russian private equity market and companies organizational structure. According to the official statistics, most of Russian joint-stock companies are non-traded ones.

The problem of using appropriate valuation techniques for estimation of true intrinsic value of non-traded companies in Russia remains unresolved in corporate finance practise. This way the attempt to test reliability of valuation model based on accounting data and prove its applicability for Russian non-public companies seems to be justified and has practical benefit.

In order to achieve stated goal the tasks, objectives and practical research questions were generally determined by the author.

2. Structure and logic of the text flow

The research has general structured logic according to the thesis objectives and practical research questions. The author gives critical overview of corporate valuation theory and applicability of different techniques for valuation of private equity deals and non-traded companies in Russia. Then the methodology of the study is defined and tested in order to answer the question whether accounting information can serve as a reliable

tool for assessing company's fundamental value. Empirical results of the research are presented and discussed by the author.

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

Analytical approach and offered solutions to the research objectives provides in-depth analysis of the problem. The author explore various aspects of accounting-based valuation model: theoretical aspects of Residual Earnings model in comparison with other techniques, effectiveness of RAS and IFRS-based models for Russian companies, applicability of accounting-based valuation approach for estimating IPO prices and the question of implementation different required rate of return for valuation purposes.

4. Quality of data gathering and description

The empirical analyses of the research is based on the sample sufficient to assess the approaches applicability. The presented statistics and data are supported with the explanation of time period taken and companies chosen for evaluation. However the timeframe for data samples could be more recent.

5. Scientific aspect of the thesis

Part of the quantitative analysis of this work is based on previous works of Russian authors exploring the issue of evaluation of Russian companies. The author in his approach suggested to elaborate on the mentioned results. The author's input to the analysis was in testing: appropriate account standards for estimating market capitalization of the companies, the choice of required rate of return, applicability of accounting-based valuation approach for estimating IPO prices.

6. Practical/applied nature of research

Theoretical results of the research could be used as a basis for further theoretical study of the question, however the applicability to Russian managerial practice of using unified valuation approach suitable for most sectors of the Russian economy could be questionable and should be analyzed further.

7. Quality of thesis layout

Layout of the research fulfils the requirements of the Regulations for master thesis preparation.

Master thesis of Evgeniy Rulevskiy generally meets the requirements of master in Corporate Finance program, and according to the reviewer's opinion deserves an 4B grade, thus the author can be given the desired degree.

Date 03.06.2016

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