**SCIENTIFIC ADVISOR’S REFERENCE**

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| **Program:** | **Master in Corporate Finance** |
| **Student:** | **Ruslan Fakhrutdinov** |
| **Title of thesis:** | **Determinants of M&A premium** |

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| **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. |
| Master thesis of Ruslan Fakhrutdinov is devoted to identification of factors that determine premiums in M&A deals. The topic of master thesis is definitely relevant and can be justified both by an increasing number of transnational deals and rising complexity of deal prosecution. The factors indicated above require management involved in the deal companies to carefully explore determinants of the deal that might cause an increase in the premium along with the ones that might cause a decrease of M&A premium.  The purpose of the thesis was to explore factors that determine the size of the premium and probability of overpayment. The research goal set by Ruslan Fakhrutdinov was to determine the relationship between the premium paid and characteristics of acquiring and target companies and of the deal.  There is no doubt that the topic of the thesis is relevant, taking into account nature of the recent economic growth in general and peculiarities of contemporary M&A activity specifically. In order to achieve the research goal, the student met the following objectives: Ruslan Fakhrutdinov briefly investigated theoretical concepts of M&A process, analyzed theoretical approaches to premium payments and reviewed contemporary research on motivation for paying high premiums. Furthermore, for the purpose of the study, the student conducted econometric analysis.  Goals of the econometric analysis were to identify the relationship between the premium payments and characteristics of acquirer and target and the features of the deal; relationship between the probability of overpayment, defined as excess of premium payment over present value of forecasted synergies, and characteristics of acquirer, target and the deal. |
| **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 of the thesis is the following: introduction, two chapters, conclusion, references and appendices. In the first chapter Ruslan Fakhrutdinov analyzed the M&A process in general, investigated components of the price in M&A deals and briefly considered previous research on motivation for premium payment. The structure of the thesis is logical with a tight link between the theoretical part and empirical research: the methodology and structure of the empirical part is built on the theoretical framework and findings of the recent papers, covered in the first chapter. Scope of the thesis is full and coherent. |
| **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 his thesis, Ruslan Fakhrutdinov covered all the objectives set and, hence, achieved the research goal of the paper. The methodology applied by the student is in line with theoretical concepts of contemporary academic literature. The conducted analysis and interpretation of findings demonstrate high level of analytical skills of the student. |
| **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. |
| The applied methodology – econometric analysis is clearly relevant for conducted research and achievement of the research goal. The data sample used by the author is definitely adequate and relevant for the stated research problem. The list of references and literature review are complete and coherent, along with review of classical concepts, the student provides a comprehensive analysis of contemporary literature. |
| **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. |
| The thesis is completed independently. Based on the existing methodology the author investigated the relationship between the premium paid and characteristics of the acquiring and target companies and of the deal; the relationship between the probability of overpayment in M&A deals and characteristics of the acquiring and target companies and those of the deal. Findings of Ruslan Fakhrutdinov are valuable for understanding the motivation for high premium payments; determinant of overpayment in M&A deals. Limited number of studies related to the analysis of motivations for paying high premiums in M&A deals and ambiguity of findings regarding the relationship between the characteristics of the deal, target, acquirer and premium paid that were found in prior research allowed the author to reach novel and practically valuable conclusions. |
| **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. |
| The econometric analysis was conducted on the sample of 222 deals conducted in USA from 2000 till 2015. Ruslan Fakhrutdinov justified and interpreted all the findings of econometric analysis. The student concluded that, apart from present value of forecasted synergies, there are other factors that determine the size of the premium in M&A deals. Several characteristics of the target, acquirer and deal were found to be significant for the size of the premium. Moreover, Ruslan Fakhrutdinov identified factors that determine the probability of overpayment in M&A deals. Based on the findings of empirical analysis, the student developed a set of managerial recommendations, which could help managers to avoid paying ambiguously high premiums for the benefit of their company. |
| **Quality of thesis layout.** Layout fulfils the requirements of the Regulations for master thesis preparation and defence, correct layout of tables, figures, references. |
| The layout of the thesis fulfils all the official requirements of Regulation for master thesis preparation and defence. The layout of tables, figures and references is correct. |
| **Originality of the text**. All sources of match identified by the Safe Assign system follow the allowed cases, the paper does not contain any elements of plagiarism. |
| The thesis text is original and does not contain elements of plagiarism. |

The Master thesis of **Fakhrutdinov R.** meets the requirements for master thesis of MCF program thus the author of the thesis can be awarded the required degree.

Date

3.06.2016

Scientific Advisor:

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