

## REFeree'S REVIEW

<b>Program:</b>	Master in Corporate Finance
<b>Student:</b>	Monika Sarkisian
<b>Title of thesis:</b>	Logic of LBO-analysis: International Experience

<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			
<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			
<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			
<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.		4		
<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			
<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.		4		
<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			

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:

The justification of the topic to build an LBO-analysis (normative model) deems logical. The author presents the thorough analysis of literature and available to the public tools in LBO-analysis which proves the deficit of described and publicly available normative LBO-analyses.

The structure of the thesis is aligned with the goals and objective stated. The author covers significant research of academic and business literature. However, a little bit too much weight is allocated to the theoretical part of research.

The research represents the compilation of commonly used practices in LBO analysis. The paper can be referred as a chapter of the textbook or guide about LBO. The author has created a proprietary tool that helps to choose and evaluate LBO targets in Excel. The tool provides the flexibility in inputs for variables; also, the choice of variables is backed up by literature research.

The author diligently justifies every step or assumption made in the developed tool and makes reference to the literature or business practice. On the other hand, in the section about the application of the tool the author misses the description (size of companies, private vs. public, country, statistical properties, etc) and reasons behind the selection of data to run the screener (760 companies).

The strength of the research is that it provides the practical application of the developed tool tuned to a real company, Ingenico Group SA. Moreover, the author admits the limitations of application of the tool, which redeems partially the absence of back testing of the tool. Nevertheless, the validity of the proposed LBO analysis tool is ambiguous. There is no application of the tool to the past deals and verification of how

correctly it predicts the choice of the target and IRR. In addition, the inputs of the model include the large amount of accounting data that significantly varies between legal entities due to various standards and management decisions or manipulations and thus makes the tool less applicable.

Practical nature of research raises questions since the proposed tool by the author demands a lot of input data and preliminary work including due-diligence. Moreover, in practice professional LBO participants use analysis and valuation techniques that are highly tuned to the targets in mind. In addition, the tool has incorporated limitations as the absence of both the qualitative analysis and uncertainty integration. However, the scope and exhaustiveness of the tool makes it a good instrument to conduct preliminary LBO analysis.

The layout of the thesis fulfils the requirements.

Master thesis of Monika Sarkisian meets the requirements of the Master in Corporate Finance program, and according to the reviewer's opinion deserves a/an "excellent (B)" grade, thus the author can be given the desired degree.

Date: June 8, 2017

Referee: Master, Aleksandra Shmitt