Supervisor’s diploma thesis assessment

Student: Kemin Wang
Title: Fundamental Analysis of Gree, Inc. Company
Supervisor: Ing. Martina Novotná, Ph.D.

The thesis is focused on fundamental analysis and calculation of the intrinsic value of a selected company. The main objective is to carry out fundamental analysis of Gree Company, one of the largest air-conditioner companies in China. The aim of the thesis is clearly specified in the introductory part and the content and results of the thesis are in line with the objective.

The structure of the thesis is logical and reflects the general steps of fundamental analysis. The student divided the thesis into five main parts which is adequate to the thesis assignment. The content of the work is consisted of three main chapters besides introduction and conclusion. The description of the selected methodology is included in the second, rather theoretical chapter, while the remaining text is concentrated on the practical application of fundamental analysis of Gree Company. The student begins with global and industry analysis, the main focus is on the Chinese economy and the air-conditioner industry. In this part, the student could have paid more attention to the global analysis and included more factors with the potential effect on Chinese stock markets. On the other hand, it is positively appreciated that in the industry analysis, the student clearly compared selected financial data of Gree Company with the main competitors in China. Finally, the company analysis, including financial analysis and stock valuation is conducted. The intrinsic value has been calculated by two models, the dividend discount model and free cash flow model. The input data used in both models are clearly described, the student applied linear regression analysis for the estimation of selected indicators using the Eviews software. At the end of the fourth chapter, the student compares results from both models and suggests the final intrinsic value. The overall results are summarized in the conclusion, together with investment recommendation.

It is evident that the student is capable of original and independent work. The work contains minor grammar and typing errors; some parts could have been discussed in more detail. The tables, figures and equations are appropriately included in the text and adequately commented.

Regardless of the comments above, the work satisfies requirements for the elaboration and provides author’s original results. For the reasons above, I recommend the thesis for the oral defence.

Ostrava, August 27, 2014

Ing. Martina Novotná, Ph. D.