Diploma thesis appraisal

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The goal of the thesis is to perform valuation of the company Baosteel, which belongs to the steel industry sector. The goal stated by the author in the introduction chapter was fulfilled.

The structure of the thesis is logical and in line with the goal. Excluding the introduction and conclusion chapters, the thesis is structured into three main chapters. The first chapter is theoretical and author describes the methodology applied for the company valuation. In the second chapter the company Baosteel is briefly characterized and the SWOT analysis is performed. The third chapter is the most important part of the thesis as author performs the valuation of the company within this chapter.

The submitted diploma thesis contains many errors and imperfections. Below are listed some of them:

- The labels of the horizontal axes in figures 4.11–4.16 are wrong.
- The revenues in the year –1 (table 4.6) do not correspond to the revenues of the year 2012 (table 4.1).
- Decomposition of the company costs is poorly described – why do the estimated costs in 2014 (table 4.11) differ significantly from the costs observed in 2013 (table 4.7), why are the estimated administrative expenses negative?

More important, I am missing the conclusion of the thesis, i.e. the answer to the question what the value of the company is or was. The author applied advanced methodology in the field of company valuation, technically speaking he/she performed the valuation, however he/she has not addressed the fundamental question about the company value. Moreover, the margins are not 2.5 cm around the entire text as suggested by the Guidelines on Principles for Elaboration of Final Theses.

To sum up, I recommend this thesis for defense at the final exam. However, at the defense author should explain what the value of the company is/was and what the date of valuation is/was.

Ostrava, July 30, 2015

Ing. Aleš Kresta, Ph.D.