SUPERVISOR’S REPORT ON BACHELOR THESIS

Title: Financial Situation Assessment of the NetEase, Inc. Company
Student: Yihan Gu

Bachelor thesis of the student Yihan Gu concentrates on the traditional issue of the financial management, i.e. financial analysis of a company. This area of the financial management is always important for the company's management to be able to analyse the company financial position and to make appropriate and adequate managerial decisions if the expected results divert significantly from the real ones. From this point of view, the issue of the bachelor thesis has been chosen appropriately. The issue of the bachelor thesis and its difficulty fully corresponds to the requirements on the bachelor thesis of the students at the Finance department.

The objective of the bachelor thesis – as declared in the introduction – is to evaluate the financial situation of the NetEase, Inc. Company. As it is apparent from the results, the objective of the bachelor thesis has been fulfilled.

Bachelor thesis is in accordance with the bachelor thesis assignment divided into five main chapters, where the chapter three and fourth are the most important parts of the bachelor thesis.

Second chapter concentrates on the methods description, which will be applied in the practical part of the bachelor thesis, namely common-size analysis (horizontal and vertical), financial ratios application and pyramidal decomposition including analysis of influences.

Chapter three is focused (in its first part) on the rough description of the NetEase, Inc. Company – one of the leading internet technology company providing online services. Next, financial analysis is performed here. Particularly, common-size analysis (both horizontal and vertical) of balance sheet, income statement and cash flow statement is performed, followed by financial ratio analysis. Here, profitability, liquidity, solvency and activity is analysed. At last, pyramidal decomposition of the key profitability ratio is done. Author decomposes ROE ratio into three component ratios and focuses on the quantification of the influences of these ratios on the key ratio. Integral method is employed. Results are summarized in the Tab. 3.22 and subsequently commented.

Next, sensitivity analysis is done. Here author searches, what is the impact of change in Equity and Net income on the influence of component ratios and ROE value itself. Results are summarized in Tab. 3.23-3.24 and graphically presented I Chart 3.30 and 3.32.

Chapter five captures results summary.

The bachelor thesis meets formal requirements according to the guidelines. Unfortunately, there are some typos in the text. Particularly, mistakes are in table numbering (see page 59), tables titles (the same page), grammatical mistakes, etc.
Overall summary

On the basis of the bachelor thesis content, especially the steps of procedure and the results it is possible to pronounce that the dissertation contains original and publishable material without any restrictions. Author of the thesis has turned out to be able to solve the financial issue, which is the main assumption for recommendation of the bachelor thesis to the defence.

Ostrava, 15th May 2017

Miroslav Čulík, Ph.D.
associate professor
bachelor thesis supervisor