

REVIEWER'S REPORT ON DIPLOMA THESIS

Téma: Evaluation and comparison of the effects of value creation for the selected Czech and Chinese Company

Autor: Bc. Huanyu Li

The submitted thesis is devoted to interesting and not frequently analysed issue of the financial management. The author focuses on the analysis of factors affecting the value creation of companies. Particularly, authors tries to estimate and analyse the multiplier that can be used for valuation of different entities (companies, industry sectors etc.) under specific conditions. The topic for diploma thesis can be considered as interesting, actual and appropriate for master degree student at Finance.

The goal of the diploma thesis as declared in the introduction is the estimation, analysis and comparison of multipliers of two companies operating in the same sector in China and the Czech Republic. As it is obvious from the procedure and results, the objective of the diploma thesis is fulfilled.

Diploma thesis is in accordance with the diploma thesis assignment divided into five main chapters, where the fourth chapter – the application part – is the most important part of the diploma thesis.

The second chapter on the description of the valuation process methodology. Authors aims particularly at valuation methods (DCF methods) and pyramidal decomposition of value creation and prediction models. Necessary mathematical background is provided here that is applied in the fourth chapter is provided as well.

The third chapter provides fundamental financial statistics of the two companies (ČEZ, a.s. and CR POWER) that are subsequently analyzed in the next chapter.

The fourth chapter is the application part of the diploma thesis.

First, necessary inputs for multipliers estimation are estimated. On the basis of the historical data author predicts EBIT, total cost of capital and return on capital invested and expected growth rate (linear regression is used together with the expert estimations). Subsequently, the multipliers for both companies are estimated. As it follows from the results, for the Czech company the multiplier is two times higher than for the Chinese company. At last pyramidal decomposition is performed. Here author studies show the individual factors contributes to the value creation of each company.

Generally, the diploma thesis meets the guidelines on writing of the final thesis. Unfortunately, there are some typos in the text. Sometimes, units are missing, titles of the axes in Figures etc. The problem description and steps of solution are not always clear and well-described.

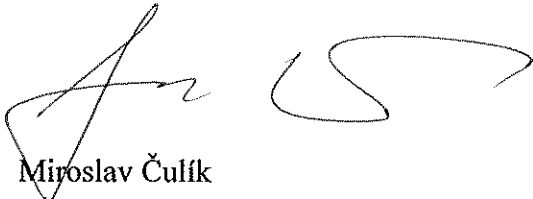
Overall summary

All calculations are author's original outputs; that is why it is evident that no rules related to plagiarism have been broken.

With respect to the procedure and results, it is possible to conclude, that the main objective was fulfilled. The submitted diploma thesis meets all criteria on the diploma thesis and contains original and publishable material without any restrictions. The author of the thesis

proved to be able to solve given financial issue, which is the main assumption for recommendation the diploma thesis for defence.

Ostrava, 18th May 2018

A handwritten signature in black ink, consisting of a stylized 'M' followed by a large, sweeping flourish.

Miroslav Čulík

diploma thesis reviewer

VSB-Technical University of Ostrava

Faculty of Economics, Department of Finance

Sokolska trida 33

701 21 Ostrava

Czech Republic