Supervisor’s bachelor thesis assessment

Student: Tiantian Kong
Title: Financial Analysis of Mengniu Company
Supervisor: Ing. Martina Novotná, Ph.D.

The thesis falls within the area of corporate finance, particularly the evaluation of company’s financial performance. Understanding of this topic and its practical application is the core issue in financial management of companies and it is a proper and current topic for the bachelor thesis. The objective of the thesis is clearly stated in the introductory chapter. The work aims at assessing the financial performance of Mengniu Dairy Company Limited. Two basic methods of financial analysis, common size analysis and financial ratios, are used on data from 2006 to 2010. Regarding the content and results of the thesis, it is evident that the main goal has been achieved by the student.

The structure of the thesis is consistent with the thesis assignment, the author proceeds systematically and logically from the theoretical background to the practical application of chosen methods. The author has demonstrated her ability to collect information and data and to present results concisely and in a scholarly form. The visual layout of the work is adequate; the work contains tables and charts always accompanied by comments.

The work is divided into five main chapters. First, the objective is stated and methods of financial analysis are described. In the next part, the author gives an overall overview of Mengniu Company; the main sources for this chapter are annual reports of the company. The student describes a company profile, total production capacity, size and market share of the company in the Chinese market. There is also a comparison of some basic indicators with the main Mengniu’s competitor. The core chapter is the chapter 4, where the student uses the method of financial analysis on company’s data. The student carries out vertical and horizontal analysis of balance sheet and income statement, and then the financial ratios analysis follows. The student pays attention to the areas of activity, liquidity, solvency and profitability, however she could have paid more attention to liquidity ratios and calculate more indicators. Finally, DuPont analysis and analysis of influences is carried out, both method of gradual changes and logarithmic method were used for changes between years 2009 and 2010.

The thesis shows that the student is capable of original and independent work. The work contains minor grammar and spelling errors, some parts could have been analysed in more detail (e.g. liquidity analysis, quantification of influences). Some explanations rather describe ratios and changes than critically assess and discuss possible relationships. Regardless of the comments above, the work satisfies the requirements for the elaboration and provides author’s original results and suggestions.

Themes for discussion:
1. Are there any other Mengui’s competitors in China apart of Yili company?
2. Does the Mengui company export its products? If so, what are the main sales markets?

For the reasons above, I recommend the thesis for the oral defence.

Ostrava, June 18, 2012.

Ing. Martina Novotná, Ph.D.