Supervisor's bachelor thesis evaluation report

Student: Bo Peng
Title: Financial Analysis of Magna International Company
Supervisor: Ing. Martina Novotná, Ph.D.

The author has chosen the issue of financial analysis, which is a highly topical problem and a crucial issue in the financial management. The ability to properly apply methods of financial analysis and interpret results is the key aspect of corporate finance and it is a suitable topic for the bachelor thesis. The work aims at studying the Magna Company's financial situation by analysing the financial statements over the period 2007-2011. Based on the content and results, it is evident the objective has been met 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 selected methods. The work is divided into five main chapters. First, the objective is stated and methods of financial analysis are described. The author could have paid more attention to the description of DuPont analysis and analysis of influences. In the third chapter of this work, the overview of the Magna Company is provided; the student describes short history, company's activities and main competitors. In the table 3.1, it is not clear what the fifth column 'leverage' means. The practical application of methods of financial analysis is in the chapter four. The student carries out vertical and horizontal analysis of balance sheet and income statement in detail, and then the financial ratios have been calculated. The student has focused on the areas of activity, liquidity, solvency and profitability. The ratios are shown in tables; however some of them are not clear because there are no units stated, e.g. tables 4.7, 4.8, 4.9. Finally, DuPont analysis and analysis of gradual changes is carried out, all the results are summarized in the conclusion. The student could have paid more attention to some explanations or could have provided more discussion as to some financial ratios.

Based on the thesis, the student is able to identify a problem and use an appropriate methodology to solve the problem. It is evident that the student is capable of original and independent work. The author summarizes his findings in tables and interprets results, expressions are not always perfectly clear. The text is well-arranged, the work contains tables and graphs in an appropriate degree. There are minor formal, grammar and spelling errors in the text. Regardless of the comments above, the work satisfies the requirements for the elaboration and provides author's original results and suggestions.

Themes for discussion:
- What are main competitors to Magna Company in Chinese market?

I recommend the thesis for the oral defence.

Ostrava, June 4, 2013.

Martina Novotná