

Abstrakt

This diploma thesis deals with the undervaluation of initial public offerings on the Russian market during the period of 2003–2014 using the ordinary least squares method. The main emphasis of the thesis lies in the development of primary emissions on the Russian market. Moreover, the previous literature is diversified by combining theory of asymmetric information with the analysis of market cycles. We have proved that shares are undervalued on average with the help of the latest figures from the Russian IPO market. By the subsequent analysis of the undervaluation phenomena and factors like age of the institution, size of the institution underwriters, market cycles, supply price of the issued shares, sector of the institution and P/E, P/CF indexes, we have arrived at the conclusion that the Russian IPO market is still developing. We have also demonstrated that in the case of high activity on the IPO market, the so called “hot period” on the market, and in the case of overpriced shares, the Russian IPO companies undervalue their shares. According to the analysis of the Russian IPO market, the main stress has been put on the companies that belong to the industrial and energy sectors and the analysis has also shown that the reputation of the underwriters does not influence the undervaluation of the shares. Despite negative results of the regression analysis, the Russian market shows rapid progress and development in the field of age characteristics of the institution which declines with every upcoming year and it has also improved from the legal point of view, especially in the legal IPO proceedings. In addition, we have found the proof of asymmetric information. We support a rather new theory explaining positive relationship between the setting of the supply price and the undervaluation of IPO. Finally, we have found that the IPO undervaluation is a seasonal trend

Keywords: Initial Public Offering, underwriter, asymmetric information, market cycles, the Russian market