

# Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

<b>Student:</b>	<b>Jan Habětínek</b>
<b>Advisor:</b>	<b>Jiří Novák M.Sc., Ph.D.</b>
<b>Title of the thesis:</b>	<b>Revenue Management around Seasoned Equity Offerings</b>

## **OVERALL ASSESSMENT** (provided in English, Czech, or Slovak):

*Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.*

The thesis aims to answer the question: Do firms manage revenues upward before Seasoned Equity Offerings? The author's research is motivated by the fact that papers dedicated to this topic usually suffer from the omitted variable bias as earnings impact is not measured properly. The thesis aims to apply new approach which consists in estimating an impact of manipulation of revenues for a purposes of boosting price during/before and after SEO on earnings.

### **Contribution**

Concerning the fact that I am no expert on this topic, I solely base this part on the statements provided by the author and the literature review in the thesis. Given the quality of this thesis, it is clear that the author understands the selected topic quite well and was able to produce original research. From this perspective, as this is bachelor thesis, I definitely consider it to reach maximum contribution potential.

### **Methods**

Methods are appropriate, author did proper data cleaning and employed logical models used in similar studies.

I have two minor things, however. On page 19, there is equation estimating impact of various variables on changes in account receivables. Should not YEAR-variables interact with rest as well? The author included them as intercept only, which shifts total value in  $\Delta AR$  given the year, which makes sense, but I think also interactions with explanatory variables should be included.

Second, by using dummy variables YEAR, the author should specify which variable was selected as base one.

### **Literature**

Very good literature review.

### **Manuscript form**

Equations miss numbering. Otherwise manuscript form is acceptable.

### **Summary and suggested questions for the discussion during the defense**

In total I consider this thesis as A-level thesis.

I suggest following question for the defense:

*The fact that management tries to manipulate business performance to achieve the best possible price at SEO is quite natural and your thesis, as well as numerous other research, just proves what rational*

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*investor would expect. The question rather is, if your or any models you investigated, can be used by investors in real life to estimate true price of a company in advance? Because in case market would be able to ,know' the price, than management would not have incentives for revenues manipulation. In other words, is your framework purely descriptive or are there any forecast potentials?*

## **SUMMARY OF POINTS AWARDED** (for details, see below):

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution (max. 30 points)</i>	30
<i>Methods (max. 30 points)</i>	25
<i>Literature (max. 20 points)</i>	20
<i>Manuscript Form (max. 20 points)</i>	16
<b>TOTAL POINTS (max. 100 points)</b>	<b>91</b>
<b>GRADE (A – B – C – D – E – F)</b>	<b>A</b>

**NAME OF THE REFEREE:**

**DATE OF EVALUATION: 4.6.2018**



**Referee Signature**

**EXPLANATION OF CATEGORIES AND SCALE:**

**CONTRIBUTION:** *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

**METHODS:** *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

**LITERATURE REVIEW:** *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

**MANUSCRIPT FORM:** *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

**Overall grading:**

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F