

# Report on Master Thesis

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

<b>Student:</b>	<b>Hengrui Zhang</b>
<b>Advisor:</b>	<b>Evžen Kočenda</b>
<b>Title of the thesis:</b>	<b>Measuring the Corporate Investment Value</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.*

### **Contribution**

The thesis comprehensively analyzes the valuation of the Nintendo Company by applying a combination of the discounted cash flow (DCF) and real options (RO) methodologies to assess its enterprise value and explore strategic investment flexibility. The key findings point to the use of the substantial cash reserves and the company's conservative financial position despite the gaming industry's volatile landscape. Further, the results suggest a substantial undervaluation of the company by the market, which presents considerable investment potential. The thesis provides a thorough quantitative analysis.

### **Methods**

For the analysis itself, two key methods are employed. The corporate valuation process is analyzed with the discounted cash flow and real options methods. Auxiliary procedures are used to provide further refinements. The analysis also leads to various valuation scenarios. The methods are well applied to the data.

### **Literature**

The literature review section summarizes the current state of research in the field quite well. Moreover, the literature review covers several angles of the research topic from the perspective of basic valuation principles, financial statement analysis, discounted cash flow methodology, and real options valuation. There is also an informative and relevant section with a detailed description of the analyzed company. Hence, the literature is reviewed in detail and covers all relevant papers and angles.

### **Manuscript form**

The manuscript conforms to the formal requirements for the master thesis. The text reads well, but it could be improved after some imperfections in sentences and grammar are accounted for. The results are presented with enough detail. The introduction is informative, with a clearly presented goal of the thesis. Data are described in full detail. The hypotheses are not presented in the thesis text but are fully described in the proposal. Tables and figures are presented in an organized and legible manner, but they lack self-explanatory notes. References are complete.

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

The thesis represents a very good empirical work on company investment valuation. The results of the Urkund analysis do not indicate significant text similarity with other available sources. I believe the

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thesis fulfills the requirements for a master's thesis at IES, Faculty of Social Sciences, Charles University. I suggest a grade of A.

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution</i> (max. 30 points)	27
<i>Methods</i> (max. 30 points)	28
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	17
<b>TOTAL POINTS</b> (max. 100 points)	<b>92</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>A</b>

**NAME OF THE REFEREE:** *Evžen Kočenda*

**DATE OF EVALUATION:** *June 3, 2024*

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**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.*

**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.*

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

**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.*

**Overall grading:**

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