

Master's Thesis Evaluation by the Opponent

Title of the Master's Thesis:

Pharmaceutical Industry - R&D Investment: Link to Profitability & Market Value

Author of the Master's Thesis:

Bc. Martin Vlasatý

| EVALUATION OF THE MASTER'S THESIS | |
|---|--------------------|
| Criteria (each max 10 points) | Points awarded |
| 1. The goals of the thesis are evident and accomplished | 9 |
| 2. Demands on the acquisition of additional knowledge or skills | 9 |
| 3. Adequacy and the way of the methods used | 9 |
| 4. Depth and relevance of the analysis in relation to goals | 9 |
| 5. Making use of literature/other resources, citing | 10 |
| 6. The thesis is a well-organised logical whole | 10 |
| 7. Linguistic and terminological level | 10 |
| 8. Formal layout and requirements, extent | 10 |
| 9. Originality, i.e. it is produced by the student | 7 |
| 10. Practical/theoretical relevance/applicability | 8 |
| Total score in points (max 100) | 91 |
| Final grading | výborně (1) |

Overall evaluation (cca 200 words):

The aim of this thesis is to determine a positive relationship between R&D investments and profitability and market value of pharmaceutical companies. This thesis examines this relationship with properly chosen methodological apparatus on 15 globally operating companies. The width of used resources from research papers to expert reports and appropriate use of articles and data from the Financial Times and Reuters shows a deep understanding of the field. The author himself is aware of major limitations of his work and proposes a procedure for removal of several of them (an interval of 10 years to bring the results of R&D into practice). The objective of this thesis has been met, although the author identified weak, but statistically significant relationship between R&D and return on assets, return on sales and Price-to-sales ratio. The author draws a conclusion, that the profitability or market value of a pharmaceutical firm cannot be increased solely by spending more on research and development. Questions: The part containing financial results also include a significant part of the financial crisis, how would the author clean outcome data (2007 - 2011) for the effect of the crisis? In the pharmaceutical industry there is a very large number of mergers and acquisitions, how will an acquisition impact EBIT or net profit of the buyer company?

Question/s from the opponent:

What does the author see as the main barriers to research and development in the pharmaceutical industry?

The name of the opponent:

Ing. Jiří Hájek

The employer of the opponent:

Department of Business Economics, Faculty of Business Administration, University of Economics, Prague

I honestly declare that I am not in any allied relationship with the author of this Master's Thesis.

16 January 2013

Signature of the opponent