

DETERMINANTS OF SHAREHOLDER VALUE IN RUSSIAN COMPANIES

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Abstract

The article presents results of empirical study of shareholder value creation determinants. The study is based on panel data. The sample is formed by 2004-2012 panel data for 107 largest public companies representing nonfinancial sector of Russian economy. The research method involves two stages: first regression analysis of shareholder value determinants is performed in terms of value multiples, such as Market-to-Book ratio, Price/Earnings multiple as well as Total Shareholder Return indicator; then the determinants are assessed of the likelihood that value multiples and shareholder returns exceed market averages. The obtained research results demonstrate that macroeconomic performance represents much stronger determinant of shareholder value creation compared to individual company characteristics. Return on assets, leverage, investment expenditure, risk exposure of company are positively related to creation of shareholder value. State-owned companies are traded with a certain discount while those with substantial share of stock owned by nonresident investor are traded with a certain premium. Company size, age, industry-specific effects are statistically significantly related to value creation indicators. Individual company characteristics are quite important for comparative valuation of the company by the market, though are of substantially lower significance in explaining of shareholder returns.

Keywords: shareholder value, shareholder return, company value, value drivers

JEL: G30, G32

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