Shareholder Value of the Company and Financial Statements: Econometric Estimation of Value Creation Drivers

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Abstract: In this work to evaluate the relationship between financial reporting indicators and shareholder value on the example of the Russian companies from seven sectors of the economy linear multiple regression model and classical least squares methods has been used. The results depict that it is expected that financial reporting indicators are one of the dominant determinants of evaluating the effectiveness of financial investment decisions. Also, it is shown that the financial drivers-financial leverage, return on assets, dividend payments, and the EVA driver – invested capital-are positively correlated with the company's shareholder value. The results represent that the size of a company has a positive impact on its shareholder value. It was found that the level of disclosure is negatively correlated with the company's shareholder value. Due to the fact that the article uses data from the financial statements of the 85 Russian companies for 2018 to measure the relationship between three groups of drivers and the company's shareholder value is an innovative work that can be used in scientific and practical activities by owners and investors of companies in order to improve the financial reporting of companies and make investment decisions.

Keywords: Financial Statements, Shareholder Value, Linear Regression Model, Least Squares Method.

INTRODUCTION

A characteristic feature of the modern financial economy and financial management is the orientation to financial markets as the main tool for allocating financial resources. In this direction of development, the main purpose of company's management should be interpreted as maximizing the welfare of the firm's owners, which is equivalent to maximizing the market value of the firm's equity. At the same time, it is worth noting that "value" refers to the value of the company's market capitalization, that is, the market assessment of what the owners 'claims apply to after the creditors' claims are satisfied. According to the value-based concept of corporate governance for a joint-stock company, the goal of financial management is to maximize the market value of equity securities – the firm's shares (equity capital). In this regard, one of the dominant determinants of evaluating the effectiveness of financial decisions may be financial reporting and analysis of its indicators.

Despite all the criticism of the official financial reports of public companies, standardized and subject to independent auditors, financial statements remain the main source of information about the financial and property status and performance of financial and economic activities of business entities. Analysis of financial statements, which consists in applying analytical tools and methods to the indicators of financial documents in order to identify significant relationships and characteristics, is indispensable for making any decisions. On the base of this information, the market valuation of a public company's equity (share price) is formed in the future in conditions of non-speculative demand.

The market efficiency hypothesis (EMH) (Yen, G. and Lee, C.-f. 2008) is almost entirely based on the use of financial analysis tools and the flow of new information by investors in the market. The authors of the theory are also convinced that market prices already contain all the available information, and any attempt to gain an advantage through strict analysis of financial statements is doomed to failure (Lorie, Hamilton 1973). The main factor that explains this paradox is the fact that the entire EMH is based on evaluating the aggregate, rather than individual, behavior of investors. Focusing EMH on macro studies leads to hypertrophy of the value of average results and hides the results of individuals. However, it is completely illogical to exclude the existence of market efficiency. In this study, to identify drivers of shareholder value creation, we assume that the published information is related to the value of financial assets in weak, moderate and strong forms. We rely on the assumption that the market performance hypothesis is fulfilled in its medium form. The average form of market performance assumes that current

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market prices reflect all publicly available information, while some of the information remains available to a narrow circle of people. This type of information availability makes it possible to assert that the stock market reflects an objective assessment of the consequences of publishing corporate financial statements, which present the main determinants of creating shareholder value – the cost of equity of a public company. In such a market, investors also get the opportunity to evaluate the company's performance based on the identified drivers and make a balanced investment decision. Theoretical and conceptual studies of the problem of creating shareholder value are widely presented in the scientific literature, while empirical work on the data of financial statements of the Russian companies is not enough.

In order to find the most appropriate model for measuring financial reporting indicators – drivers of the company's shareholder value, a fairly simple linear multiple regression models are presented for cross-sections of the 85 Russian companies in seven sectors of the economy in 2018.

The usual least-squares method is used to evaluate model parameters, and the traditional formal student and Fisher tests are used to verify statistical significance.

The main purpose of this work is to assess the relationship between financial reporting indicators and the company's share value. The idea of the study was suggested by works (Lorie, Hamilton 1973; Ankudinov, Lebedev 2014).

The following results were obtained. The growth of financial leverage, return on assets, dividend payments and invested capital, and the size of the company increases the company's shareholder value. Not confirmed the relationship of current liquidity, capital investments in fixed assets, age of the company, brand of the auditing firm, the publication of financial statements according to international financial reporting standards, an equity value of the company. The degree of disclosure is negatively related to the company's shareholder value.

The work includes an introduction, three main sections, and a conclusion. The first section provides an overview of the literature regarding the classification of the selection of drivers of the company's equity value derived from financial statements. In the second section, the linear multiple regression models used are formulated, and the financial reporting indicators used are described. The third section presents the results of evaluating models and their discussion. The conclusion contains conclusions and recommendations for further research in the field of analytical econometric tools for making financial investment decisions.

LITERATURE REVIEW

Drivers of creating shareholder value of a company are the subject of numerous discussions in the scientific literature (Kleidon1986; Hall 1993; Fama, French 1996; Pandey 2005; Chen, Zhang 2007; Bai, Green 2011). Many economists have studied the impact of dividend payments on the company's value (Miller 1961; Gordon 1963; Black 1974; Skinner 2002, and others). As a result, three dominant theories of dividend policy and its impact on the company's market value were formed: the theory of irrelevant dividends (Miller 1961), the theory of "tit in the hand" (Gordon 1963), and the theory of tax differentiation (R. Litzenberger and K. Ramaswami). Table **1** summarizes the results of empirical research on the drivers of creating a company's shareholder value.

The determinants analysis of shareholder value creation based on data from the Russian companies was performed in the works (Ivashkovskaya 2009; Ankudinov 2014; Ankudinov 2018; Lee *et al*., 2017). The study (Ivashkovskaya 2009) identified the drivers of economic profit as the main indicator of creating shareholder value: capital investment, the company revenue growth, operating profitability, and paid dividends. In this paper (Ankudinov 2014), the authors conducted a regression analysis of the drivers of creating shareholder value in terms of cost multipliers price/book value, price/profit, and total shareholder return. The results of the study showed that the macroeconomic environment is a more significant determinant of the creation of shareholder value in comparison with the individual characteristics of the company. The authors show a positive correlation between asset returns, leverage, investment expenses, and the level of risk of a company with indicators of shareholder value creation. We also found a statistically significant relationship between the size, age of the company, and industry effects with indicators of shareholder value creation. It is noteworthy that the study (Ankudinov 2018) revealed a positive statistical relationship between the company's share value and the presence of an internal audit unit in the structure of the latter. The results of research on the modern business valuation methods effectiveness

Table 1: Results of Empirical Researches on Drivers of Creating Shareholder Value

Authors	Year	Results
Kleidon A.	1986	A high proportion of changes in market prices can be explained by changes in the amount of expected cash flows, and that the most representative variables of market value dynamics are profit and investment.
Hall B.	1993	There is a significant positive relationship between the company's market value and the ratio of cash flow to capital, the ratio of R&D expenditures to capital, sales growth rates, and the ratio of advertising expenditures to capital.
Fama E., French K	1996	Return on shares is closely related to the size of the company, market multipliers (book value of the share to the market, earnings per share / share price, cash flow per share / share price), lag value of revenue growth, the level of return for previous periods.
Pandey I.	2005	When examining shareholder value using the market-to-book ratio (M/B) multiplier, it finds a strong positive relationship between the latter and economic profitability (the spread between profitability and the cost of capital), business and financial risk, the interaction of variables of economic profitability and growth rates, and a negative relationship with the growth rate and size of the company.
Chen, L., Zhao, X.,	2006	The company's capital structure, which implies the ratio of the individual components of its long-term financing through financial leverage, can have an impact on shareholder value.
Chen P., Zhang G.	2007	Returns on shares are most closely related to the level of profitability, investment activity, changes in profitability, growth opportunities, and changes in the cost of capital.
Bai Y., Green C.	2011	The economic environment, the development of the financial sector, and the legal environment have a statistical impact on shareholders returns.
Margaritis, D.	2018	The level of financial leverage (capital structure) has a positive impact on the creation of shareholder value.
Chen, P.	2018	A positive relationship between the return on assets and the ability to create shareholder value has been identified.

in emerging markets, including the method of economic value added (EVA), is vividly presented in the paper (Skavysh 2017; Enggartyasti and Caraka, 2017; Caraka *et al*., 2020; Caraka *et al*., 2021; Kaban *et al*., 2019). The works (Huergo E., 2004; Malighetti, P. 2011; Farinas J., 2018) show the positive impact of the size and negative impact of the age of the company on the formation of its market value.

Based on the generalization of the results of previous empirical studies, we have formed a studied driver's classification of creating shareholder value in accordance with the purpose of the study and the source data availability (Table **2**).

We examined all three groups of drivers of shareholder value creation.

RESEARCH QUESTION

Based on the literature, two main research questions were formulated:

1. Can financial statements really influence the market value of a company and serve as a basis for analyzing its long-term financial attractiveness?

2. Can corporate financial reporting indicators act as a financial management tool?

RESEARCH METHODOLOGY

As part of the research, the sample was formed based on data from the 85 largest public Russian companies in the non-financial sector that are listed on the MICEX. The source of the data used was the

Table 2: Classification of Company Value Drivers

Drivers of company value creation		
Financial drivers	***EVA drivers***	***Qualitative variables in financial statements***
- current liquidity - financial leverage; - return on assets; - capital expenditure; - dividend payments.	- net operating profit - invested capital	- company auditor; - the degree of disclosure statements; - publication of financial statements under international financial reporting standards
Control variables: company size, company age.		

Table 3: Characteristics of the Studied Financial Reporting Variables

Variable	The symbol of variable	Description of variable calculation	Mean	Min	Max
Market-to-Book	MBR	Capitalization/Book value	1,76	0,01	10,62
Current liquidity	L	Current asset/Current liability	3,57	0,30	18,95
Leverage	Lev	Share of debt in the financing structure	0,49	0,00	0,97
Return on assets	ROA	Net profit/Total assets	0,06	-0,48	0,32
Capital expenditure	LnCapex	Natural logarithm of capital expenditures on non-current assets	13,55	0,00	19,13
Dividend payments	LnDiv	Natural logarithm of dividends paid	9,58	0,00	19,23
Net operating profit	LnNOPAT	Natural logarithm of operating profit after tax	13,75	0,00	20,52
Invested capital	LnIC	Natural logarithm of invested capital	17,97	12,97	23,36
Size	LnR	Natural logarithm of revenue	17,51	10,70	22,66
Age	Age	Number of years since the company was registered	20,91	6,00	66,00
Auditor	A	Dummy variable, = 1 if the auditor is a Big 4 company, =0-another company	0,49	0,00	1,00
Degree of disclosure	T	Dummy variable, = 1 if the report contains forms that are not required for disclosure, =0 otherwise.	0,61	0,00	1,00
Publication of financial statements in accordance with international financial reporting standards	IFRS	Dummy variable, = 1 if IFRS reporting is published, =0-not published.	0,93	0,00	1,00

SPARK system for professional analysis of markets and companies in terms of financial reporting data following accounting system of the Russian Federation, as well as the MICEX information portal in terms of market data on the value of companies' shares. Data for the end of 2018 were used. The companies studied belong to the following industries: mechanical engineering (23 companies), metallurgy (11 companies), petrochemicals (18 companies), food production (5 companies), construction (4 companies), transport and telecommunications (12 companies), electric power (12 companies). It is worth noting that initially we collected the necessary data for 103 companies, but after excluding extreme values, the sample was 85 companies.

The dependent variable of the company's market value is the "Market-to-book ratio"/ "Price/Book value". The dependent variable is equal to the ratio of the capitalization of the company's share capital to its book value. The meaning of the MBR under consideration in our research will have the following meaning: the larger the MBR variable, the more efficient the company's financial performance. Shares with a market price/book value ratio of less than one are considered undervalued, and shares with a ratio of more than five are considered expensive; if the coefficient value is greater than one, it indicates the readiness of potential shareholders to purchase a share at a price that exceeds the accounting estimate of the real capital that is currently attributable to this share.

Independent variables are the drivers of shareholder value: the current liquidity ratio, financial leverage, return on assets, natural logarithms of capital expenditures on non-current assets and dividends paid; natural logarithms of net operating profit and invested capital; dummy variables-the company's auditor, the degree of disclosure of statements and the availability of statements according to international financial reporting standards. The control variables are the size of the company and the age of the company (Ankudinov 2014). Control variables are individual characteristics of companies that have sufficient stability and are observed simultaneously with drivers of shareholder value.

Using the classical least squares method we estimate the original regression model:

$$Y_t = \beta_0 + \beta_1 L_i + \beta_2 Lev_i + \beta_3 ROA_i + \beta_4 LnCapex_i + \beta_5 LnDiv_i + \beta_6 LnNOPAT_i + \beta_7 LnIC_i + \beta_8 LnR_i + \beta_9 Age_i + \beta_{10} A_i + \beta_{11} T_i + \beta_{12} IFRS_i + \varepsilon_t \quad (1)$$

Where β_0 – свободный коэффициент;

β_1, β_2, β_3, β_4, β_5, β_6, β_7, β_8, β_9, β_{10}, β_{11}, β_{12} – regression coefficients,

εi – remainder (error) of the regression.

The advantages of regression models (Wooldridge 2013) are the ability to estimate at least approximately the contribution of each of the considered model factors to the final result – the variation of the explained variable, to predict the change in the found dependencies in the future, to enter the necessary correction, knowing the accuracy with which the result was obtained, and to Orient their actions based on data obtained with known accuracy; the ability to apply modern computer technologies.

Previously, to test the regressors for multicollinearity, we apply the matrix of linear coefficients of pair correlation. Multicollinearity – the presence of a linear relationship between the explanatory variables of the model, which distorts estimates of regression parameters. If the modular value of the linear coefficient of pair correlation is greater than 0.7, then such a pair of regressors is considered collinear, and one of the regressors is excluded from the linear model of multiple regression. The final regression model is also freed from statistically insignificant (redundant) regressors. The adequacy of the regression model is estimated by the coefficient of determination R^2:

$$R^2 = \frac{\sum(\hat{Y}_{ix} - \bar{Y})^2}{\sum(Y_i - \bar{Y})^2} = 1 - \frac{\sum(Y_i - \hat{Y}_{ix})^2}{\sum(Y_i - \bar{Y})^2} \quad (2)$$

Where $\hat{Y}_{ix}$ - the growth value of the dependent variable predicted by the regression equation;

$\bar{Y}$ - average growth value of the dependent variable.

In the study, we use cross-section data for 2018 to identify short-term effects of drivers of the company's market value. The coefficient of determination measures the proportion of variation in the MBRi dependent variable explained by the independent driver variables contained in the regression model. Therefore, we note that a low coefficient of determination is not necessarily an indicator of the inefficiency of the constructed models. In this study, this value of the R-square indicator may indicate the imperfection of the domestic investment market and its short investment horizon (despite the fact that most of the driver variables analyzed by independent experts have long-term effects). To select the built models, we use a test to compare the" short (R) "and" long (UR) " regression:

$$F = \frac{(R^2_{UR} - R^2_R / q}{(1 - R^2_{UR}) / (n - m - 1)} \quad (3)$$
$$F > F(q, n - m - 1) \rightarrow R^2_{UR} > R^2_R$$

Where R^2_{UR} – coefficient of determination of the "long" model,

R^2_R – coefficient of determination of the "short" model,

q – The number of independent variables excluded from the "long" model,

m – The number of independent variables in the original "long" model,

n – Number of observations in the data sample.

If the observed value of F - statistics exceeds the critical value for a given significance level, we choose the "long" model.

RESULTS & DISCUSSION

The feasibility of including the considered regressors in multiple regressions was previously determined by the correlation matrix (Table **2**)

Thus, according to the Cheddock – Snedekor scale, there is a moderate direct statistical relationship between the MBRi dependent variable and the Levi, ROAi, LnDivi, LnICi, and Ti variables. The correlation matrix (Table **4**) shows that there is no complete multicollinearity. However, there is partial multicollinearity between the data for the LnRi variable that characterizes the size of the company: you can notice a close statistical relationship between the LnRi factor and LnCapexi (R = 0.76), LnNOPATi (R=0.68) and LnICi (R=0.73). However, it is worth noting that in order to construct a multiple regression, the following requirements must be met: the equation includes regressors that are not interconnected with each other.

For the purpose of analytical reflection of the statistical relationship of the dependent variable (MBRi) with a full set of factors, we perform an estimation of multi-factor regression using the classical least squares method (Table **5**). Model (1) is evaluated for the full set of factors. Model (2) excludes the LnRi regressor - the company size, which shows collinearity with net operating profit and invested capital. The model (3) is obtained by excluding redundant statistically insignificant variables from the model (2)

Table 4: Correlation Matrix

	MBRi	Li	Levi	ROAi	Ln Capexi	Ln Divi	Ln NOPATi	LnICi	LnRi	Agei	Ai	Ti	IFRSi
MBRi	1												
Li	-0,16	1											
Levi	0,41	-0,43	1										
ROAi	0,43	0,11	-0,21	1									
LnCapexi	0,11	-0,14	0,09	0,14	1								
LnDivi	0,42	-0,11	0,17	0,34	0,49	1							
LnNOPATi	0,18	-0,12	0,17	0,45	0,51	0,41	1						
LnICi	0,38	0,18	0,00	0,09	0,57	0,51	0,46	1					
LnRi	0,22	-0,11	0,23	0,27	0,76	0,55	0,68	0,73	1				
Agei	-0,01	-0,01	-0,03	0,16	0,05	0,03	0,12	0,01	0,06	1			
Ai	0,15	-0,13	0,08	0,11	0,42	0,35	0,37	0,41	0,45	0,02	1		
Ti	0,34	0,05	-0,02	0,18	0,23	0,21	0,32	0,24	0,26	0,02	0,16	1	
IFRSi	0,12	-0,13	0,16	0,04	0,38	0,29	0,16	0,31	0,26	0,08	0,09	0,25	1,00

Table 5: The Results of Modeling the Drivers of Creation of the Company's Market Value

1 model.			
Variables	**Regression coefficient**	**P- value**	**Standard error**
Li	- 0,017	0, 804	0,068
Levi	3,581	0,000***	0,860
ROAi	7,073	0,006***	2,494
LnCapexi	-0,011	0,896	0,081
LnDivi	0,073	0,025**	0,319
LnNOPATi	-0,020	0,693	0,050
LnICi	0,273	0,108*	0,154
LnRi	0,199	0,069*	0,179
Agei	-0,003	0,656	0,007
Ai	0,176	0,675	0,417
Ti	-0,960	-0,019**	0,400
IFRSi	0,053	0,949	0,827
Intercept	-0,879	0,659	1,986
Coefficient of determination (R2) = 0,420			
The standard error of the model = 1,641			
Significance F = 3,67E-05***			
Number of observations = 85			
2 model.			
Variables	**Regression coefficient**	**P- value**	**Standard error**
Li	- 0,007	0, 915	0,068
Levi	3,249	0,000***	0,808
ROAi	6,414	0,010**	2,427
LnCapexi	-0,062	0,351	0,066

(Table 5). Continued.

LnDivi	0,074	0,024**	0,320
LnNOPATi	-0,035	0,471	0,048
LnICi	0,139	0,075*	0,126
Agei	-0,003	0,643	0,007
Ai	0,178	0,671	0,417
Ti	-0,970	-0,018**	0,400
IFRSi	0,262	0,746	0,806
Intercept	-1,719	0,353	1,840
Coefficient of determination (R2) = 0,410			
The standard error of the model = 1,643			
Significance F = 3,689E-05***			
Number of observations = 85			
3 model.			
Variables	**Regression coefficient**	**P- value**	**Standard error**
Levi	3,090	0,000***	0,701
ROAi	5,305	0,010**	2,019
LnDivi	0,071	0,019**	0,297
LnICi	0,072	0,063*	0,097
Ti	-1,029	-0,007***	0,374
Intercept	-1,414	0,405	1,689
Coefficient of determination (R2) = 0,391			
The standard error of the model = 1,605			
Significance F = 1,589E-07***			
Number of observations = 85			

Note: ***p<0,01, **p<0,05, *p<0,10.

The test for comparing the" short (R) "and" long (UR)" regression for model (2) versus model (1) did not indicate a significant difference in their determination coefficients. The same result was obtained when the testing model (3) against model (1) and model (3) against model (2). in this situation, choose model (3), which has the smallest standard error.

A summary of the results of regression analysis to answer the research question about the impact of financial statements on the company's market value is presented in Table **6**.

The lack of correlation between current liquidity and the company's shareholder value can be attributed to the high volatility of the current liquidity ratio in the data sample. Theoretically, a coefficient value within the range from 1.5 to 2.5 is good. A value below 1 indicates high financial risk, the company is not able to pay current accounts. If the value of the current liquidity ratio falls within the specified standard and even exceeds the upper limit of the interval, this indicates the solvency of the enterprise. Extremely high (>3) values of the coefficient under consideration indicate an irrational capital structure and inefficient use of current assets and short-term financing. Also, when analyzing the current liquidity ratio and its potential impact on the assessment of the company's performance by its main groups of stakeholders, the dynamics of this indicator is important, since management decisions regarding the use of funding sources for a period of less than one year or changes in the volume of current assets (the main characteristics of current liquidity) may have short-term horizons, which will not subsequently affect the company's shareholder value.

The impact of the financial leverage ratio on the company's shareholder value indicates that in practice, a higher level of financial leverage actually contributes to improving financial performance. The reason for this may be an increase in the share of borrowed funds in the company's capital structure, which is actually able

Table 6: Results of Testing Hypotheses about Drivers of the Company's Market Value Creation

Hypothesis	Result
Current liquidity has a positive impact on creating shareholder value	not confirmed
Financial leverage has a positive impact on creating shareholder value	confirmed (p<0,01)
Return on assets and shareholder value have a positive relationship	confirmed (p<0,05)
Capital investments in non-current assets have a positive effect on the company's shareholder value	not confirmed
The amount of dividend payments is positively correlated with the company's shareholder value	confirmed (p<0,05)
Drivers of economic value added are linked to the company's shareholder value	confirmed (p<0,1)
The age of a company is negatively associated with its shareholder value	not confirmed
The larger the size of the company, the higher its shareholder value	confirmed (p<0,1) in model 1
Dummy variables in financial statements have an impact on the company's shareholder value	confirmed (p<0,01)

to reduce the weighted average cost of capital (although it carries additional costs of bankruptcy due to the increasing probability of failure to fully and on time service all obligations assumed), thereby having a positive impact on the growth of economic profit.

Confirmation in the practice of a statistically significant positive impact of the company's return on assets on its financial performance is not in doubt in theory, since high profitability directly tells investors about the company's stability in terms of realizing its competitive advantages and exploiting existing economic rents, which is expressed in high financial efficiency and increases shareholder value.

The lack of communication capital investments in fixed assets to shareholder value of a company can be explained by the fact that this study used information, not all investment companies, but only on capital investment, focused exclusively on the acquisition, creation, modernization, reconstruction and preparation for use of noncurrent assets.

The relationship between the volume of dividend payments and the value of the company is explained by the implementation of the signal theory of dividend policy in the Russian market, in which the payment of high dividends "signals" the firm's stability and its income, as well as its good prospects for the future.

The impact of drivers of economic value-added on the creation of shareholder value of the company is explained by the following. The growth of invested capital, especially in terms of its long-term sources, is in most cases a positive trend. Thus, the growth in the volume of its own sources of funds shows that the owners of the company are aimed at reinvesting capital gains. Increasing the volume of long-term loans is the best demonstration of confidence in the company. If they provide long-term loans, it means that they trust the reliability of the company's reputation and assess its state of Affairs as stable and promising future profits. A reduction in short-term borrowings is a reduction in financial risks associated with financing activities with unstable sources of capital. However, it is worth noting that when increasing the volume of invested capital, it is important to adhere to a certain structure that guarantees the minimum cost of capital, and therefore the maximum market value of the company.

The assumption that the age of a company is negatively associated with its shareholder value was not confirmed by the results of the study. The reason for this may be to indicate the age of the company from the moment of registration of legal entities, although individual enterprises are actually much older, since they started functioning in the Soviet years, but it is not possible to include this data in the models, because such sharply deviating values will negatively affect the results of modeling.

The positive impact of the company's size on its shareholder value was confirmed in the model (1). This regressor was then excluded due to its collinearity. Probably, this should be interpreted as proof of the value from the point of view of potential investors, greater liquidity of shares of the largest domestic companies in an imperfect market.

A negative relationship between the extent of disclosure statements with the joint-stock company's

value can indicate a low quality of reporting and inconsistency of its actual characteristics of the company's activities. The qualitative variables that characterize the auditing company and the availability of reports by considering international financial reporting standards were insignificant, which can be justified by the lack of a direct relationship between these variables and the MBR coefficient, but only by the presence of an indirect impact that could not be detected in the built models.

CONCLUSIONS AND FUTURE RESEARCH

This paper is devoted to the regression analysis of the drivers of the company's market value creation, information about which is contained in its financial statements. We proceeded from empirically proven theoretical arguments in favor of the impact of three groups of drivers reflected in the financial statements on the company's market value to investors. The paper uses cross-sections formed on the financial statements of the 85 Russian companies for 2018. For the research, we applied practical recommendations in the articles (Ankudinov and Lebedev 2014; Buana *et al*., 2020; Biancone *et al*., 2020) on the methodological approach to the regression analysis of drivers of the company's share value. The approach to modeling drivers of creating shareholder value of a company presented in the study has several advantages due to the ability to assess the contribution of financial statements to the variation of the company's value in the investor market, and to predict changes in the found dependencies in the future. In particular, it allows us to perform a better selection of predictors of shareholder value and preserve the possibility of meaningful interpretation of the results of modeling for making practical decisions by owners and investors.

Thus, the assumptions expected in the study about the relationship between financial leverage, return on assets, the volume of dividend payments, drivers of economic value-added, and the size of the company with the company's shareholder value was positively confirmed. Indeed, not confirmed the relationship of current liquidity, capital investments in fixed assets, age of the company, brand of the auditing firm, publishing financial statements according to international financial reporting standards, and equity value of the company.

To continue this research in the direction of measuring the relationship between financial reporting indicators and the company's shareholder value over the medium - term (3-5 years) investment horizon and measuring the medium-term effects of repressors-drivers of shareholder value, it is recommended to evaluate the regression on panel data taking into account industry-specific fixed effects.

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