

SCIENTIFIC ADVISOR'S REFERENCE

Program:	Master in Corporate Finance
Student:	Aidar Karimov
Title of thesis:	The relationship between private benefits of control and firm value

Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis. Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.

Master thesis of Aidar Karimov is devoted to the determination of the relationship between private benefits of control and firm value. The author succeeded to present clear justification of the relevance of the chosen topic. The research goal set by the author was to determine the relationship between private benefits of control and firm value. Presented objectives are accurately defined and correspond with the goal. The content of the thesis meets all the set objectives.

Structure and logic of the text flow. Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.

The structure of the thesis is the following: introduction, three chapters, conclusion, list of references and appendixes. The first chapter reveals theoretical grounds of firm valuation approaches and shows author's deep understanding of the existing concepts. By reviewing the most recent papers, the author managed to choose the appropriate proxy of firm value, aligned with the research goal. In the second chapter, the author presented an in-depth review of the fundamental papers on the topic of private benefits of control. Based on the analysis of the most recent researches exploring the private benefits of control in emerging and developed markets the author chose an approach to measure the private benefits of control for the empirical study. The author dedicates the third chapter to the description of methodology, sample selection and descriptive statistics followed by the econometric analysis for Russian and German samples. The author interprets results of the analysis in a clear and accurate manner.

Quality of analytical approach and quality of offered solution to the research objectives. Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.

In his thesis, Karimov Aidar managed to cover all the objectives set. To achieve these objectives the author applied the research methodology consistent with the approaches presented in the contemporary academic literature. The accomplished study and the analysis of the results show high level of analytical skills of the student.

Quality of data gathering and description. Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; completeness and relevance of the list of references.

The applied methodology – econometric analysis is clearly relevant for conducted research and achievement of the research goal. The data sample used by the author definitely adequate and relevant for the stated research problem. The list of references and literature review are complete and coherent, along with review of classical concepts, the student provides a comprehensive analysis of contemporary literature.

Scientific aspect of the thesis. Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative), developing methodology/approach to set objectives.

The thesis is conducted independently. Aidar Karimov applied approaches employed in reputable academic papers and introduced one which was not presented in previous researches. The author provided the comparison of Russian and German markets in the context of return of private benefits of control to firm value enabling him to obtain intriguing results. Taking in consideration, that there is a lack of papers exploring the relationship between private benefits of control and firm value within the comparison of emerging and developed markets, the thesis differs with its novelty and could form the ground for future researches.

Practical/applied nature of research. Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.

Student accomplished the econometric analysis based on samples of 119 Russian and 36 German

companies with dual class shares structure. In accordance with Aidar Karimov's findings, private benefits of control extracted by controlling shareholders may have relationship with firm value. The author empirically proves that private benefits of control negatively relate to firm value in Russia, while positively in Germany. Moreover, the analysis confirms different return of private benefits of control to firm value in Russia and Germany.

Based on the obtained result, the author suggested practical recommendations. With respect to the findings, attractiveness of an investment could not be assessed based on a standard set of publicly available information, reflecting benefits attributable to all shareholders. Minority shareholders shall bear in mind that the presence of private benefits of control available exclusively to controlling party may undermine the value of their stake and might adjust their investment strategy correspondingly.

Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defence, correct layout of tables, figures, references.

The layout of the thesis fulfils all the official requirements of Regulation for master thesis preparation and defense. The layout of tables, figures and references is correct.

Originality of the text. All sources of match identified by the Safe Assign system follow the allowed cases, the paper does not contain any elements of plagiarism.

The thesis text is original and does not contain elements of plagiarism.

The Master thesis of Aidar Karimov meets the requirements for master thesis of MCF program thus the author of the thesis can be awarded the required degree.

Date

4.06.2017

Scientific Advisor:

Asc. Prof. Irina V. Berezinets