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Company Valuation: The Most Widely Used Valuation Methods in Bulgaria

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Abstract

The main objective of this research paper is to discuss the approaches, methods and models used for the valuation of companies. The valuation of companies is a serious challenge for financial analysts and appraisers all over the world, due to the fact that value is invisible and difficult to find. This is one of the reasons for the high number of methods and models developed for this purpose, as well as the many different classifications for them. One of the challenges is the selection of the appropriate combination of methods.
This research starts with an overview of other studies about the most preferred valuation methods by certified financial analysts in Europe and the world as a whole. The studies indicate that only few methods and models are intensively used by analysts. The most preferred and widely used methods by them are the relative methods, followed by the DCF enterprise model. A survey was conducted by the author among actively operating certified appraisers in Bulgaria. The survey shows that, in general, Bulgarian appraisers prefer and use mostly the same methods that are used by financial analysts in Europe and other international markets. Still, there are some curious differences – the DCF enterprise model is again very intensively used, but the confidence in the relative valuation methods, according to respondents, is very low in Bulgaria. At the same time, the other widely applied method by appraisers in Bulgaria is the net asset value (NAV) method, contrary to the fact that they do not particularly trust it.

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INTRODUCTION

Determining the actual value of companies is a real challenge and an exercise of increased difficulty. The reason is very simple – the value of an enterprise is kind of hidden and invisible. A clear distinction must be made between the acquisition price of an asset and its actual value. According to Benjamin Graham and Warren Buffett, "*Price* is what you pay, *value* is what you get." (Graham 2006; Morris 2009). The fact that determining value is a difficult task, is evident in the very definitions of value used by appraisers and stock analysts, as well as in valuation standards (Graham 2006; International Valuation Standards Committee 2001; Hitchner 2017, International Appraisal Standards Board 2020). It is not by chance that these definitions refer us mainly to the market, which is considered to be the only one capable of determining this actual value (Zukin 1990; Hitchner 2017). The problem, however, is that the stock market itself very often fails in this function, and the price it determines often deviates from the actual value of the respective stocks and companies (Nenkov 2021). Appraisers are often not fully aware of what exactly they are looking for in the specific appraisal task - the actual value, or rather the price that would satisfy the wishes of the appraisers and the contracting counterparties. In this regard, Prof. Damodaran asks the question: "What are we looking for in the evaluation - the price or the value?" (Are we pricing or valuing?)" (Damodaran 2017). Moreover, in reality it turns out that a company can have different values at the same moment, which can be illustrated by the "hexagon" figure of Copeland, Murrin and Koller (Copeland et. all. 2000).

The prominent difficulties associated with determining the value of common stock lead to the fact that none of the established valuation methods and models are sufficiently reliable and definitive in determining the value. This has led to the development of many different methods and models that exist and are used in practice. Thus, one of the challenges for analysts and valuers is the selection of the appropriate valuation methods. According to Prof. Damodaran, the problem in valuation is not the lack of valuation methods, the problem is that they are too many (Damodaran 2012).

The classifications of approaches, methods and models for evaluating enterprises are also very different and numerous (Zukin 1990; Damodaran 2012; Copeland and Antikarov 2008; Kassarova 2008). Regardless of this diversity, however, they all have some recurring, common characteristics that outline the three main approaches for extracting enterprise value. These are (International Appraisal Standards Board 2020; Hitchner 2017):

- Asset-based approach;
- Income-based approach;
- Market approach.

The international valuation standards refer to the same three main approaches in the valuation activity, although with some slight differences in their names (International Appraisal Standards Board 2020; International Valuation Standards Council 2011). Each one of the approaches has its advantages and disadvantages, each one is accompanied by certain limitations and difficulties, which ultimately call into question the reliability of the final result of the valuation - the calculated value. Each of the approaches is implemented through a set of specific valuation methods and models. The main methods of *the asset-based approach,* are *Net Asset Value* (NAV) and *Liquidation Value*.

From *the income-based approach*, the best-known modern models include: (Reilly and Brown 2003) *Discounted Dividend Model (DDM)*, *DCF Equity Valuation Model, DCF Enterprise Valuation Model, Economic Value Added Model (also known as Excess Return Model or Residual Income Model)* (CS First Boston 1996; Pinto et al. 2019)*, Adjusted Present Value (APV) Model* (Damodaran 2002)*, Models based on the valuation of real options* (Copeland et al. 2000).

The market valuation approach involves various specific methods. Depending on where the market multipliers (ratios), needed for the evaluation, are taken from, two methods are distinguished: *Capital market method* and *Transactions method*. Depending on the market ratio used, the methods include:

- Price to earnings (PE) method;
- Price to book value (P/BV) method;
- Price to sales (P/S) method;
- Price to cash flow (P/CF) method;
- Price to free cash flow (P/FCF) method;
- Price to dividend method (P/DIV);
- Enterprise value / EBIT method (EV /EBIT);
- Enterprise value / EBITDA method (EV/EBITDA);
- Enterprise value / sales method (EV/Sales);
- Enterprise value / assets method (EV/Assets);
- Other.

STUDIES ABOUT THE VALUATION METHODS USED BY FINANCIAL ANALYSTS

An interesting and very useful survey regarding the methods used to evaluate companies was conducted by Frank Bancel and Usha Mittoo among 356 European experts in company valuation (including portfolio managers, investment bankers, financial analysts, etc.) with CFA certificate or its professional equivalent. The survey was conducted in 2012 and published in 2014, and gives a fairly good insight into the most commonly used methods for valuing companies in Europe. The research itself is significantly more ambitious than establishing preferred methods and models for valuation.

The authors of the study focused on the following four main questions (Bancel and Mittoo 2014):

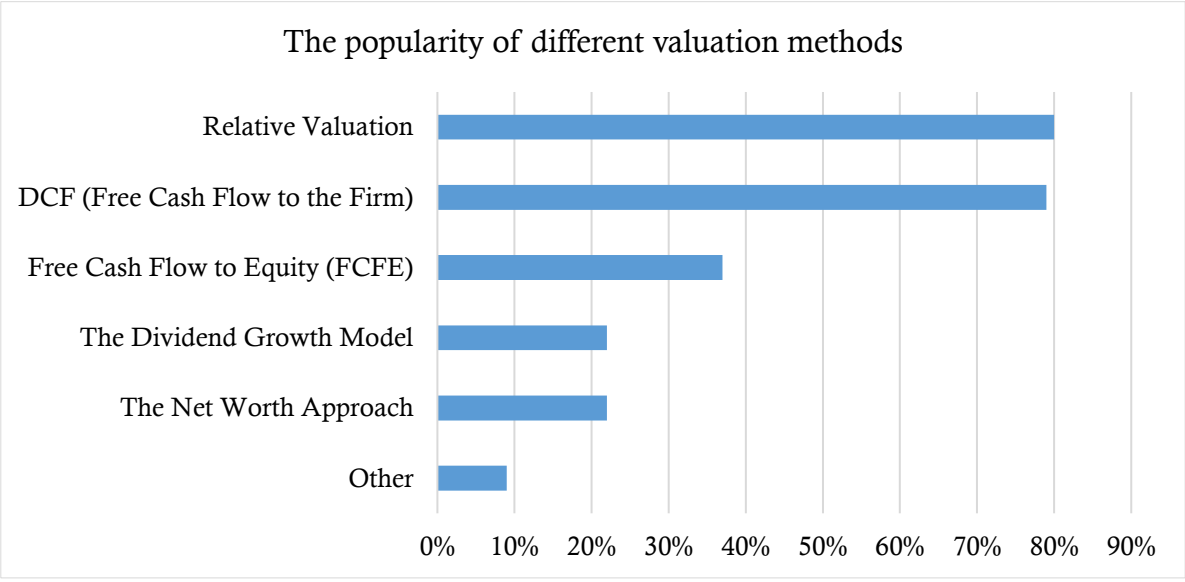
- Which valuation models are most popular among experts?
- How do practitioners determine the input variables needed for these models?
- Which input variables are easier to determine and which are more difficult?
- Which input differences are more critical and which are less critical to the valuation?

According to the authors of the study, one of the reasons for emphasizing the above questions is that the theory provides little guidance on determining the input parameters for the evaluation. This forces practitioners to make their own assumptions, which lead to large variations in valuation. Therefore, the questions are not limited to which models are used, but also how they define each component in the model. In this regard, they attempt to encourage discussion among scholars and practitioners on how to reduce these gaps between valuation theory and practice. The total number of questions in the survey is 50 (Bancel, Mittoo, 2014).

The questionnaire includes a total of five important topics (Bancel and Mittoo 2014):

1/ Valuation models;
2/ Cost of capital;
3/ DCF approach (method);
4/ The relative valuation approach and
5/ Advantages and disadvantages of valuation methods.

The share of those who answered the questions is about 5 %. The analysis is limited to the 356 respondents who answered most of the survey questions, and to 8 countries with at least 10 respondents. The largest share of respondents came from France – 36 %, followed by the United Kingdom – 16 %, Spain – 13 % and Switzerland – 12 %. A total of 13 % of responses were received from the other countries - Poland, Belgium, Germany and Portugal. The respondents are all experts with serious experience in the analysis and valuation of stocks and companies. The largest group is that of portfolio managers (23 %), followed by financial analysts (22 %), investment bankers (19 %), valuation experts (16 %). About 80 % of respondents have more than 5 years of experience in the financial industry, about 50 % have at least 10 years of similar experience (Bancel and Mittoo 2014).



Source: Bancel, F., and U. Mittoo. 2014. The Gap between the Theory and Practice of Corporate Valuation: Survey of European Experts. *Journal of Applied Corporate Finance*, Columbia Business School, 26(4), pp. 106-117

Figure 1. Which methods are most used by experts

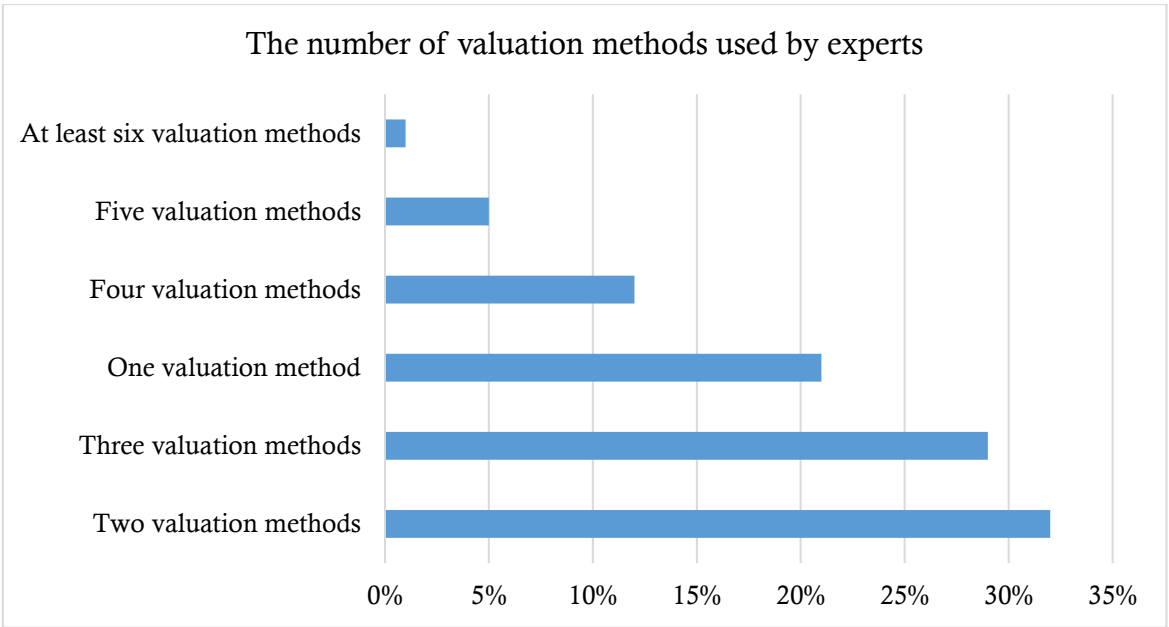
Figure 1 shows the preferences of the surveyed experts for the different valuation methods and models. The most popular are the relative valuation methods - about 80 % use them, as well as the DCF enterprise valuation model - about 79 % use it. The DCF equity valuation model is used by less than 40 % of the experts. Net asset value (net worth) approach and dividend model are used by less than 22 % of respondents, while option models or EVA models are very rarely used.

In 2019, Pinto, Robinson, and Stowe conducted a survey of stock valuation practices by professional financial analysts who are members of the CFA Institute. The research confirms the great importance given to relative valuation methods and discounted cash flow models. According to this research, when valuing individual stocks, 92.8 % of analysts use market multiples and 78.8 % use discounted cash flow (DCF) models. When using DCF models, 20.5 % of analysts use a residual income model, 35.1 % use a discounted dividend model (DDM), and 86.9 % use a free cash flow model. In terms of free cash flow models, the model based on FCFF (free cash flows to the firm), i.e. the DCF enterprise model, is used about twice as often as the FCFE (free cash flow to equity) model, i.e. the DCF equity model (Pinto et al. 2019).

According to Pinto et al. (2019), analysts like to use free cash flow (FCFF or FCFE) when the following circumstances exist:

- The company does not pay dividends.
- The company pays dividends, but they are very different from the company's capacity to pay dividends.
- Free cash flows are consistent with profitability, within a reasonable forecast period that the analyst feels confident about.
- The analyst takes a controlling interest perspective, with which comes discretion regarding the use of free cash flow.

Another study by Pablo Fernández from 2017 on the valuation methods used, also indicates that DCF models and relative valuation methods are the most used (Fernandez, 2017). The results of these other studies are fully consistent with the results on this point of the Bancel and Mittoo study.

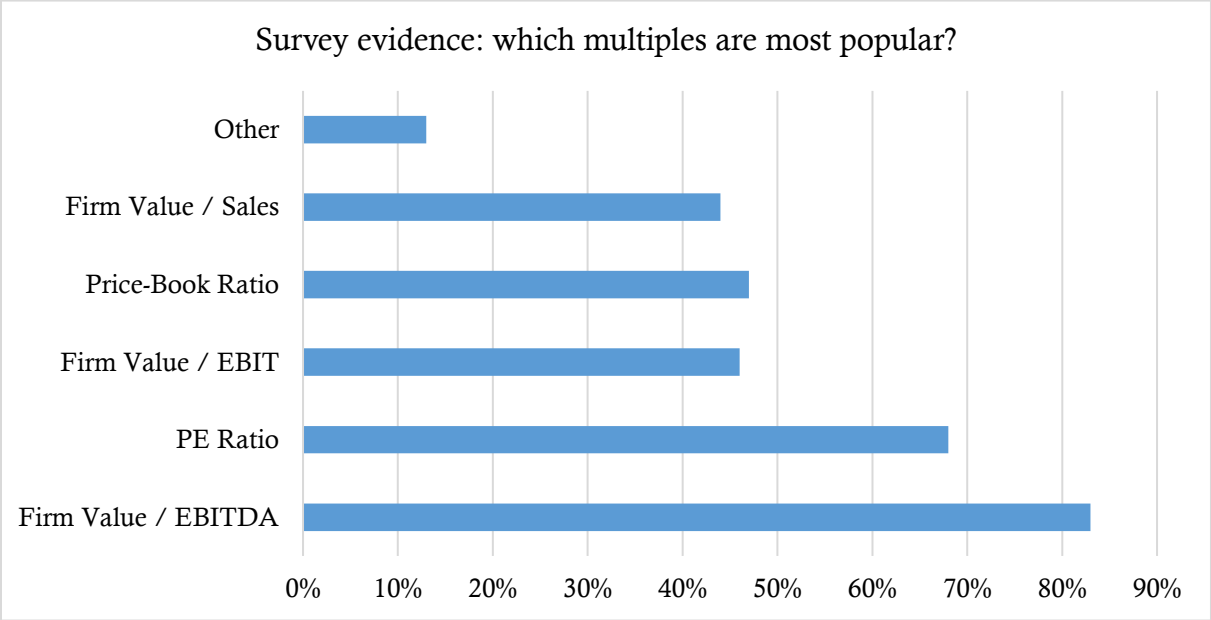


Source: Bancel, F. and U. Mittoo. 2014. The Gap between the Theory and Practice of Corporate Valuation: Survey of European Experts. *Journal of Applied Corporate Finance*, Columbia Business School, 26(4), pp. 106-117

Figure 2. How many methods are used in a valuation

Figure 2 shows the preferred number of methods that the experts surveyed by Bancel and Mittoo (2014) use in one company valuation. The largest part is of the experts who use two methods when valuing - about 32 %. About 29 % use three methods, i.e. about 60 % of all respondents rely on usually two or three valuation methods. Only 21 % work with only one single method. About 12 % use four methods, 5 % use five, and only 1 % use six or more (Bancel and Mittoo 2014).

As it became clear above, relative valuation methods are the most preferred. According to where the peer (analogue) companies are located, they are divided into two main types: 1/ capital market method, in which the analogues are public companies whose shares are regularly traded on the stock exchange, and 2/ transaction method, in which the analogues are companies (usually non-public) that have recently been the subject of a merger or acquisition, i.e. a transaction involving a significant block of shares of the relevant company, and the price of the transaction has been publicly announced (Kassarova 2008).



Source: Bancel, F. and U. Mittoo. 2014. The Gap between the Theory and Practice of Corporate Valuation: Survey of European Experts. *Journal of Applied Corporate Finance*, Columbia Business School, 26(4), pp. 106-117

Figure 3. Most commonly used market multiples in relative valuation methods

According to Bancel and Mittoo's survey, 86 % of respondents use market multiples (ratios) derived through the transaction method, and 73 % derive market multiples based on regularly traded stocks. About 50 % use both methods. Figure 3 illustrates which market multiples are the most widely used by experts in the relative approach and which are the least used. It can be seen that the ratio Firm value / EBITDA is used with the greatest confidence. It is relied on by 83 % of appraisers who use several ratios (multipliers) and by 70 % of appraisers who use only one ratio (multiplier). Second most trusted is the Price-Earnings (P/E) multiple, used by 68 % of respondents. The Price to Book Value (P/BV), Enterprise Value / EBIT and Enterprise Value / Sales ratios are used by about 45 % of experts each.

A SURVEY ON THE COMPANY VALUATION METHODS USED IN BULGARIA

Purpose and setting of the present survey

The main goal of the survey is to establish the combinations of approaches, methods and models for the valuation of enterprises, preferred by professional analysts and appraisers in Bulgaria. One of the tasks is to compare them with the preferences and practices of CFA analysts in Europe and in the world, discussed in the previous section. The survey is aimed primarily at certified independent appraisers of enterprises and certified independent appraisers of financial assets and financial institutions (FAFI) in Bulgaria. Many of them work as financial analysts and/or consultants in the financial and real sector.

The survey questions were emailed to approximately 150 certified independent appraisers of enterprises and of financial assets and financial institutions (FAFI). The total number of respondents to the survey is 50, which is about 33 % of potential respondents addressed. The survey is completely anonymous, but it is known that among the respondents are most of the specialists - appraisers and analysts actively dealing with these issues at the current stage, from the companies that are members of the Chamber of Professional Appraisers in Bulgaria.

The survey is a relatively short one and includes only 7 questions, each of which has ready-made possible answers. The questions are as follows:

Question 1: In what capacity are you most often required to value enterprises and their shares?

Question 2: Do you hold a certificate/s of qualification in the field of enterprise and common stock valuation?
Question 3: Indicate which of the following methods you prefer as the most reliable in principle (the more popular methods and estimation models are listed).
Question 4: How many methods (models) do you usually use for one valuation?
Question 5: Indicate the methods and models that are most often included in the combination of methods and models you use in a valuation?
Question 6: Assuming that there are three main approaches to deriving enterprise value - 1/ asset-based approach, 2/ income-based (discounted cash flow) approach and 3/ relative valuation approach, which of the three, according to you, is the most reliable in general?
Question 7: In your opinion, how much should be the discount rate used in the DCF enterprise model (i.e. WACC), when valuing an average enterprise in Bulgaria in 2022?

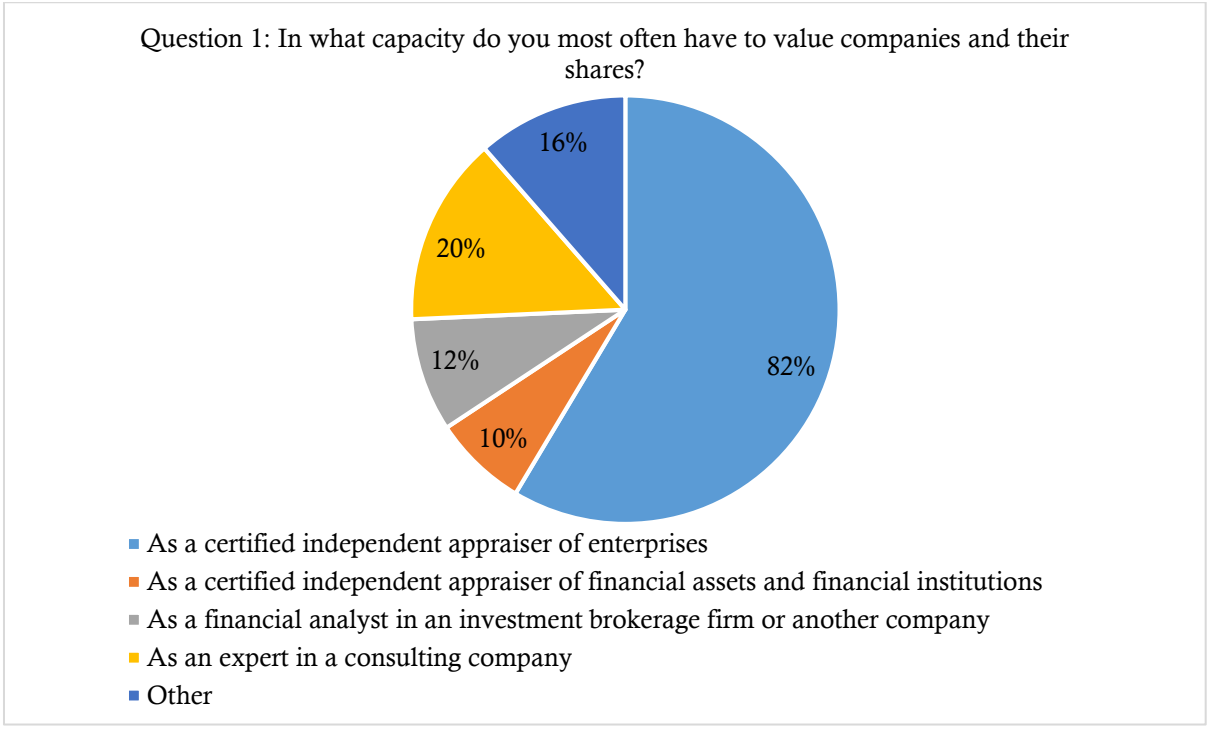
Survey results

The first two questions in the survey are expected to give some insight into the professional qualifications and experience of the surveyed experts. The first question, along with the preset possible answers, looks like this:

In what role are you most often required to value entire businesses and their common stock or units? (you may indicate more than one possible answer):

A. As a certified appraiser of enterprises
B. As a certified appraiser of financial assets and financial institutions
C. As a financial analyst in an investment brokerage firm or another company
D. As an expert in a consulting company
E. Other

The distribution of responses to the first question by the 50 respondents is shown in Figure 4. Usually 82 % of the respondents have to value companies and shares as certified independent appraisers of enterprises, and 10 % as certified independent appraisers of FAFI. Also, 20 % are experts in consulting companies. Financial analysts in investment brokerage firms are 12 %. The answer "Other" was indicated by 16 % of the respondents. The sum of these percentages is 140 % because more than one possible answer was given. This amount of 140 % means that a large proportion of respondents value companies simultaneously in two or more capacities.



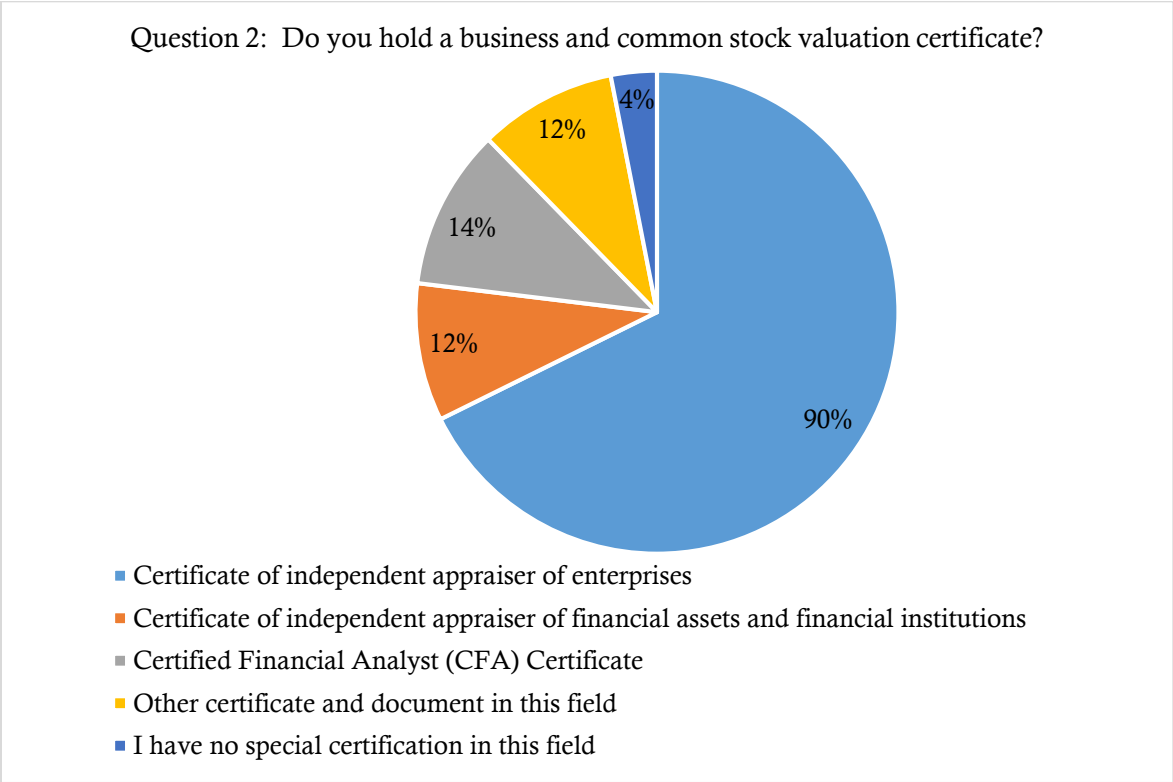
Source: Survey and calculations by the author
Figure 4. Answers to Question 1

Question 2 is as follows:

Do you hold a certificate/s of qualification in the field of enterprise and common stock valuation? (you may indicate more than one possible answer):

A. Certificate of Independent Appraiser of Enterprises
B. Certificate of Independent Appraiser of Financial Assets and Financial Institutions
C. Certified Financial Analyst (CFA) Certificate
D. Other certificate or document in this field
E. I have no special certification in this field

Figure 5 illustrates the distribution of responses to the second question. It is evident from them that 90 % of the respondents have a certificate for an independent appraiser of enterprises, and 12 % - for an independent appraiser of FAFI. Certified Financial Analysts (CFA) are 14 %. Other certifications are held by 12 % of respondents, including some other international certifications such as RICS (Royal Institute of Chartered Valuers), or Recognized European Valuer (REV), etc. Only 4 % of respondents do not have a certificate in this field. All this testifies about a serious level of qualification of the experts who answered the following questions regarding the valuation methods used.

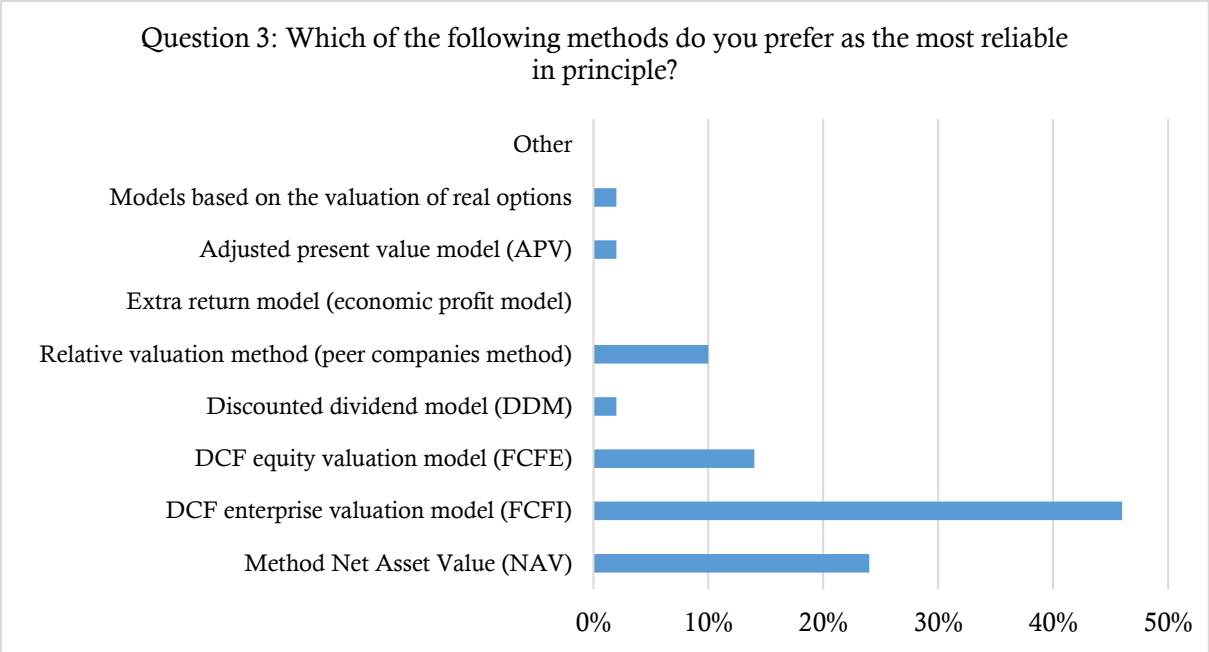


Source: Survey and calculations by the author
Figure 5. Answers to Question 2

Question 3 of the survey, along with the possible answers, is as follows:

Indicate which of the following methods you prefer as the most reliable in principle (indicate only one method/model):

A. Net Asset Value (NAV) Method
B. DCF enterprise valuation model
C. DCF equity valuation model
D. Dividend Discount Model (DDM)
E. Relative valuation method (peer companies valuation)
F. Extra Return Model (Economic Profit Model)
G. Adjusted Present Value Model
H. Models based on the valuation of real options
I. Other



Source: Survey and calculations by the author
Figure 6. Answers to Question 3

This third question aims to find out which methods are most trusted by valuers. The responses are shown in Figure 6. The DCF enterprise model stands out as the most reliable for the surveyed experts, with 46 % support. In the second place is the Net Asset Value method, preferred by 24 % of respondents. The DCF equity valuation model is third, with 14 % support. This means that a total of 60 % of experts rely on discounted cash flow models. The relative valuation method (approach) is preferred by only 10 % of respondents. The discounted dividend model, the adjusted present value model, the models based on the valuation of real options are preferred by only 2 % of respondents, and the economic profit (excess return) model, as well as other potential models, by 0 % of respondents.

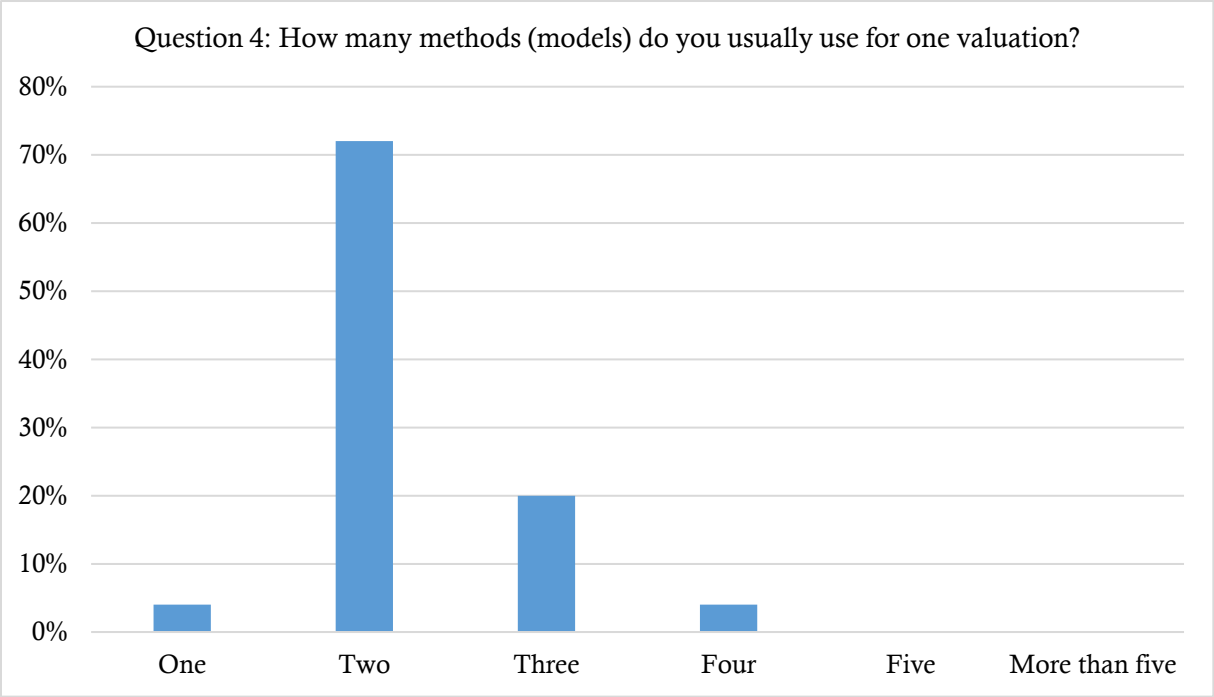
The very modest percentage of confidence in the relative valuation method(s) is striking - only 10 %, which for European experts is the most preferred (with around 80 % support), according to the study by Bancel and Mittoo, presented in the previous section (Bancel and Mittoo 2014). This is one of the big differences with Europe that the present survey finds. The reasons can mainly be sought in the not well developed and very small stock market in Bulgaria. This, on the one hand, reduces the significance and representativeness of the derived market ratios (multiples), and on the other hand, severely limits the number of potential peer (analogue) companies. In many cases, it is necessary to look for the appropriate peer companies in the international stock markets, which leads to other problems, such as reducing the degree of comparability with the valuated enterprise, etc. This local feature deserves further in-depth study.

Another thing that makes a special impression is that the dividend model is practically not used in Bulgaria (only by 2 % of respondents). It is not particularly popular in Europe either, according to Bancel and Mittoo, but is still used there by nearly 22 % of experts there (Bancel and Mittoo 2014). The reason should be found in the limitations that are characteristic of this model, which make it very difficult to implement in the conditions of Bulgaria. First of all, the percentage of public joint-stock companies in Bulgaria that pay regular and stable dividends is extremely low. The vast majority of public companies do not even pay any dividends. On the other hand, the huge mass of enterprises in Bulgaria are non-public, for which the dividend payment policy remains part of their internal information.

The fourth question in the survey is as follows:

How many methods (models) do you usually use for one valuation?

A. One
B. Two
C. Three
D. Four
E. Five
F. More than five



Source: Survey and calculations by the author
Figure 7. Answers to Question 4

It is clear from figure 7 that 72 % of the respondents use two methods (models) most often to carry out one valuation. Another 20 % usually use three methods. This means that a total of 92 % of the surveyed experts use two or three methods. One model is used by 4 %, four models are used by another 4 %. None of the respondents use 5 or more models to make a single valuation.

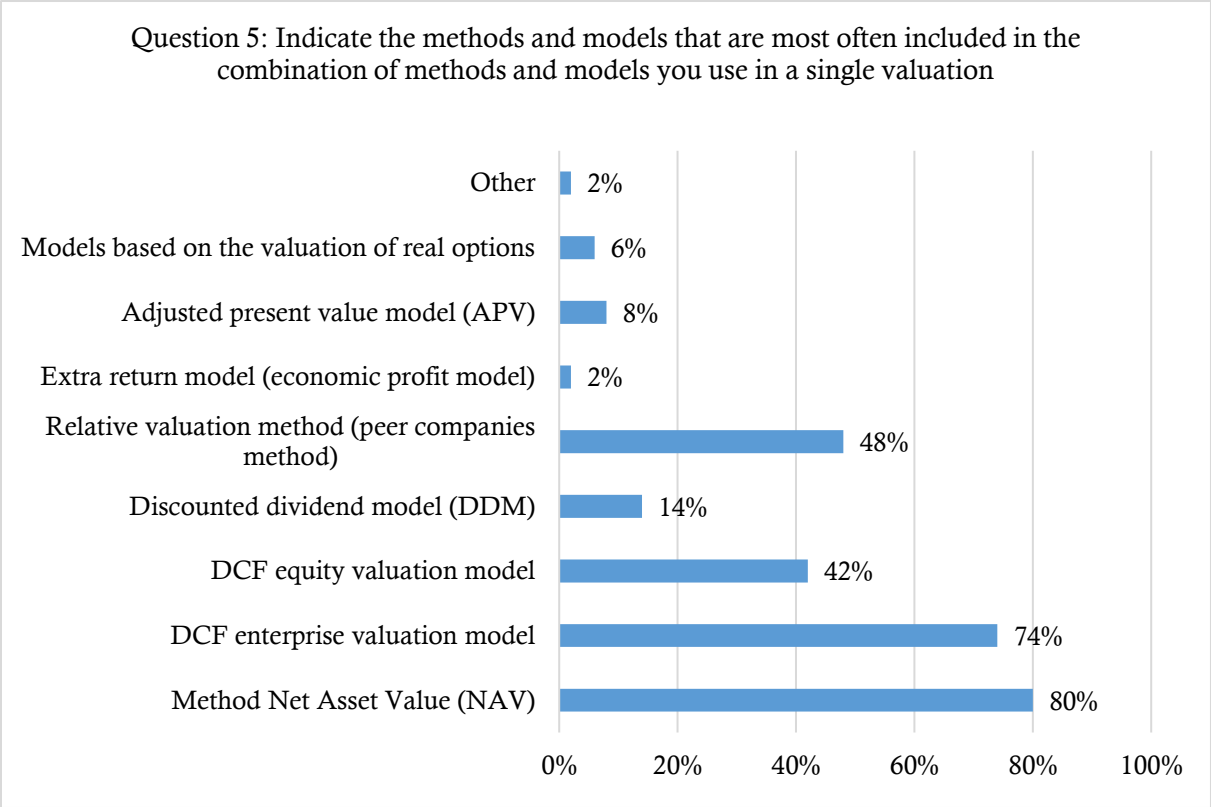
Two of the more significant differences with the European experts in Bancel and Mittoo's survey are that with them the share of those who use only one method is much more significant - 21%, as well as those who use four methods - 12 % (Bancel and Mittoo 2014).

Question five of the survey is about preferred combinations of methods:

Indicate the methods and models that are most often included in the combination of methods and models you use in a single valuation (you may indicate more than one possible answer):

A. Net Asset Value (NAV) method
B. DCF enterprise valuation model
C. DCF equity valuation model
D. Dividend discount model (DDM)
E. Relative valuation (peer companies) method
F. Excess income model (Economic profit model)
G. Adjusted present value model
H. Models based on the valuation of real options
I. Other

Figure 8 illustrates very interesting results. Surprisingly, the Net Asset Value (NAV) method ranks first in the combinations of valuation methods used - by 80 % of the respondents. It is followed by the DCF enterprise model with 74 %. The relative valuation method falls into the used combinations of methods in 48 % of the cases, the DCF equity model - in 42 % of the cases, and the dividend model - in only 14 % of the cases. The rest of the methods and models very rarely fall into the used combinations: the adjusted present value model is 8 %, models with valuation of real options – 6 %, model of economic profit – 2 % and other methods – 2 %.



Source: Survey and calculations by the author
Figure 8. Answers to Question 5

One of the main reasons why the first place of NAV is taken as a surprise is that it was preferred as the most reliable in principle (question 3) by only 24 % of the respondents in this survey (see Fig. 6). In Europe, too, only 22 % of experts rely on NAV. Apparently, the explanation for the extremely strong presence of net asset value in the combinations of methods used in Bulgaria should be sought in another direction. Apparently, the analysts and appraisers of enterprises in the country have to include this method in their valuations for one reason or another:

- In certain cases, they may be required to do so.
- In other cases, the contracting authorities require to a significant extent that the value be derived precisely on the basis of the company's assets.
- This method has traditionally been applied very intensively in the conditions of Bulgaria during the last three decades.
- There are also many cases when the financial indicators of the enterprises are such that they do not allow them to be valued using the discounted cash flow models.
- Not infrequently, the valued enterprises are before or after the cessation of activity, which does not allow the application of the alternative methods of valuation, and anyway one must rely on the NAV or the liquidation value method.

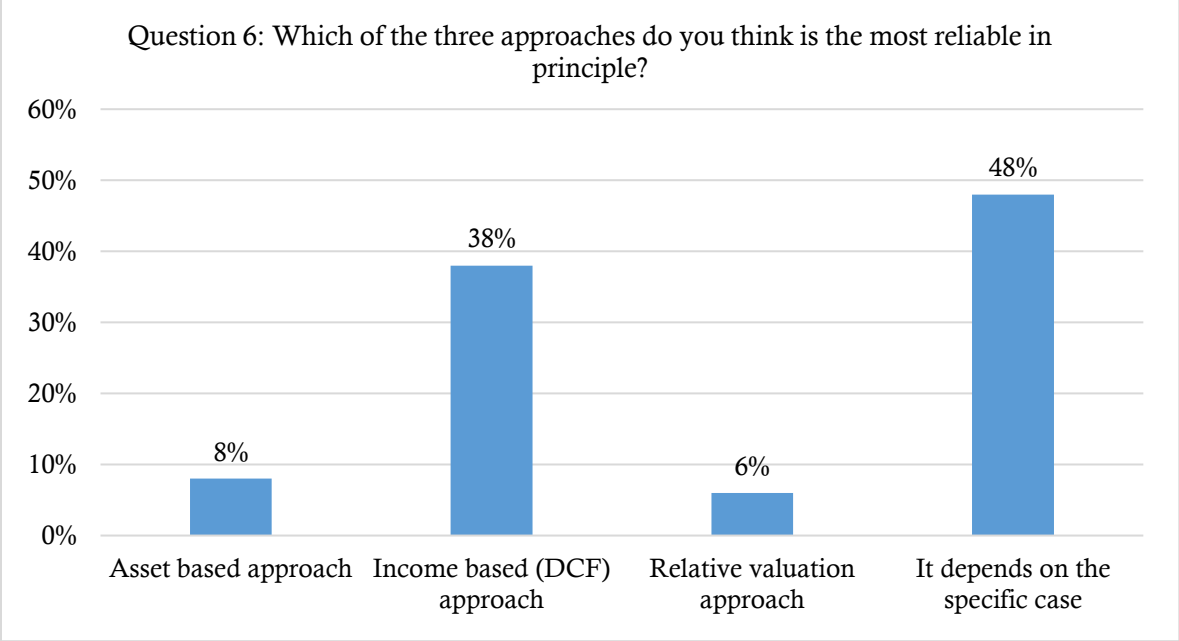
On this issue, an additional deeper study is required. There is also some discrepancy regarding the relative valuation method. It is indicated as reliable by only 10 % of the respondents (Fig. 6), but it is included in the combinations of valuation methods and models by 48 % of the respondents.

The sixth question in the survey is about which of the three possible valuation approaches are trusted by analysts and appraisers in Bulgaria:

Assuming that there are three main approaches to deriving enterprise value - 1/ asset-based approach, 2/ income-based (discounted cash flow) approach and 3/ relative valuation approach, which of the three do you think is most reliable in principle?

A. Asset-based approach
B. Income-based (Discounted Cash Flow) approach
C. Relative valuation approach
D. It depends on the specific case

The question is formulated in this way - with this caveat at the beginning, because not all analysts and valuers accept the classification of approaches and methods to which the authors of the present study adhere. The distribution of responses is illustrated in Figure 9. In the first place is the answer "It depends on the specific case", given by 48 % of the respondents. This shows that, according to the experts, there is no approach that seems reliable in all cases. This is a very relevant position, given that the reliability of an approach or its methods depends primarily on the availability and nature of the information needed for the valuation, as well as on the specific characteristics of the valued enterprise. This makes one approach more reliable in some cases and another approach more reliable in other cases.



Source: Survey and calculations by the author
Figure 9. Answers to Question 6

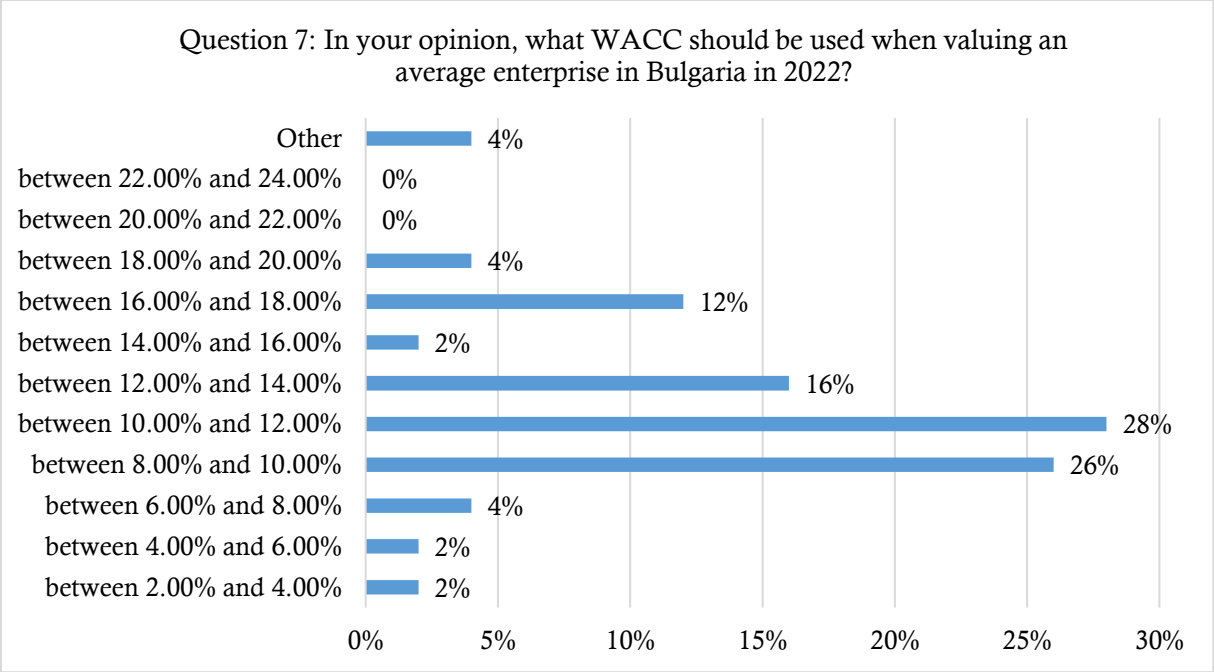
However, of the three valuation approaches, the income-based (discounted cash flow) approach stands out and emerges as the most reliable in principle in comparative order (against the other two), with 38 %. The asset-based approach is considered the most reliable by only 8 % of respondents, and the relative valuation approach by 6 %. Against the background of the answers to the previous questions, the extremely low confidence in the relative valuation approach among appraisers in Bulgaria is no longer a big surprise. But with regard to the asset-based approach, questions still arise - its reliability is determined to be very low (with only 8 %), but its Net Asset Value (NAV) method ranks first in the combinations of methods and models used (80 %) (Fig. 7).

The last question in the survey, question 7, is a bit off its main thrust. But it is always important and relevant for any survey in the field of application of methods and models for the valuation of going concern enterprises. The question normally attracts increased interest among the experts surveyed. This question was part of a 2017 survey in a previous study made by the author. The question is as follows:

In your opinion, what should be the discount rate for the DCF enterprise valuation model (i.e. WACC) when valuing an average enterprise in Bulgaria in 2022?

A. between 2.00% and 4.00%
B. between 4.00% and 6.00%
C. between 6.00% and 8.00%
D. between 8.00 % and 10.00 %
E. between 10.00 % and 12.00 %
F. between 12.00 % and 14.00 %
G. between 14.00 % and 16.00 %
H. between 16.00 % and 18.00 %
I. between 18.00 % and 20.00 %
J. between 20.00 % and 22.00 %
K. between 22.00 % and 24.00 %
L. other: .....

As can be seen, the range of possible ready-made answers is quite wide, and it is also left open with answer L - "other". The distribution of responses is shown in Figure 10.



Source: Survey and calculations by the author
Figure 10. Answers to Question 7

Figure 10 shows that the largest percentage of respondents - 28%, believe that the correct cost of capital (WACC) and discount rate for the DCF enterprise model is between 10.00 % and 12.00 %. This is followed by the discount rate between 8.00 % and 10.00 % - indicated by 26 % of respondents, and the discount rate between 12.00 % and 14.00 % - indicated by 16 % of respondents. Thus, a total of 54 % of the respondents see the appropriate discount rate in the range of 8.00 % to 12.00 %. A total of 70 % of respondents see it in the range of 8.00 % to 14.00 %. Outside of them there are some 12 % who see the correct rate at a level between 16.00 % and 18.00 %. Only 8 % believe the discount rate should be 8.00 % or below, and another 8% of respondents believe it should be 18.00 % or above.

The results show that regarding the discount rate, the divergence of views is large. There is no single range with more than 28 % support. At first glance, there is a clustering of a large percentage of respondents - a total of 70 %, for the interval from 8.00 % to 14.00 %. But this is a very wide range, with a large scatter in the possible discount rate, leading to extremely large differences in valuations when using the DCF enterprise model.

CONCLUSION

The survey among certified independent appraisers in Bulgaria shows that the valuation methods and models more widely used are about the same as in Europe and the world. For example, the DCF models, mainly the DCF enterprise model, are the most preferred. However, there are some serious differences. One of them is the vely low confidence in the relative valuation method/approach. Another difference is the extremely high presence of the net asset value method (80 % of respondents) in the combinations of valuation methods applied. This is very surprising, because the indicated confidence in this method is very low, as well as it is for the asset-based approach as a whole.

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