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# THE PROPOSED APPROACH FOR ASSESSING THE IMPACT OF CFR ON WACC IN ALCOHOLIC BEVERAGE MANUFACTURING COMPANIES

*Understanding and managing current financial requirements is crucial for ensuring any commercial organization's economic and financial stability. Organizations need short-term financial means to acquire raw materials, semi-finished products, and auxiliary materials and to make deferred payments to their customers while conducting*

*their current economic activities. Consequently, attracting financial resources from various sources directly influences the weighted average cost of capital (WACC).*

*It is possible to implement effective control of current financial needs by applying combined mechanisms for managing inventories, accounts receivable, and accounts payable. These mechanisms exhibit certain characteristics in different sectors, especially when considering the issue from both the perspective of financial resource sources and liquidity control.*

*This article presents the proposed approach for assessing the impact of current financial requirements (CFR) on the WACC of alcoholic beverage manufacturing companies listed on global stock exchanges. Within the scope of the research, the key focus has been on the different capital structures in the studied sectors, market dynamics, and operational requirements.*

*The article aims to conduct a comparative analysis of current financial requirements in alcoholic beverage manufacturing companies listed on international stock exchanges, to conduct a CFR comparative analysis, assess the relationship between CFR and WACC, and identify issues in the regulation of CFR in liquidity control processes through sectoral comparative analysis. The scientific novelty of the research lies in revealing the sector-specific features of CFR control and the proposed approach for assessing the impact of CFR on WACC.*

**Keywords:** *alcoholic beverages, stock exchange, WACC, CFR, liquidity, financial resources.*

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**INTRODUCTION.** WACC is a fundamental indicator used to assess the cost of financing an organization's operations and investments. (Shafique et al., 2024). It reflects the average return required by both equity and debt holders and serves as a criterion for making financial decisions.

Calculating WACC is essential for investors, securities analysts, and company management. Each group uses WACC for different purposes. (Arhinful et al., 2024).

Efficient control of current financial requirements is the cornerstone of financial management in organizations across various industrial sectors. Given the intensive nature of capital turnover in the industry, forming adequate liquidity reserves while managing short-term liabilities is a primary condition for maintaining a desirable level of profitability. Companies involved in alcoholic beverages production are characterized by specific inventory turnover features, wide supply chains, and regulatory complexities, all of which play a unique role in financial management.

Current financial requirements relate to the immediate financing needs of the organization, specifically supporting operations, paying short-term obligations, and managing working capital (Samal et al., 2023).

Within the framework of managing current financial requirements:

- Working capital needs are met, and sufficient liquidity is ensured to cover daily operations (Chasha et al, 2022).
- Short-term debt management is implemented, balancing financing options to cover immediate financial needs (Manyanga et al., 2023).
- Cash flow management is implemented, creating adequate reserves to avoid liquidity complexities (Cangoz et al., 2021).

These aspects underline the relevance and theoretical-practical significance of the research conducted within the framework of this article.

**LITERATURE REVIEW.** The recent financial-economic crises, including the unprecedented lockdown caused by COVID-19, have demonstrated that WACC remains a relevant topic in financial literature and practice. Organizations operate in increasingly unstable environments, driven by dual transitions and interconnected crises. Therefore, they must have specific tools for measuring risk and profitability to implement sound financial policies (Dobrowolski et al., 2022).

Researchers Dąbrowska, J., F., -Sawicka, M., M., and Milewska, A., in their study of the period from 2015 to 2019, assessed risks and capital costs in energy sector companies (Dabrowska et al., 2021). The primary focus for them was the issue of assessing risks associated with the capital structure. The results of their study highlight the role of the cost of equity financing, which was twice as high as the cost of debt. The highest WACC was associated with the Beta coefficient, which also reflected political and regulatory risks during the study period. During the analysis of the cost of debt, the effective tax rate had a positive impact on the reduction of WACC.

The current financial requirement (CFR) refers to the short-term financing needs of operations, working capital, debt servicing, and capital investments. Using a two-step generalized method of inventory assessment, Baños-Caballero, S., García-Teruel, P., J., Solano, P., M., in their joint research, demonstrated that an appropriate financing strategy can help companies improve their financial performance (Baños-Caballero et al., 2016). Furthermore, during financial crises, working capital requirements change, affecting the value of WACC.

WACC is used as a discount rate when determining the company's value, then in investment analysis when deciding whether to accept or reject a project, as well as when evaluating the performance of top management (Momcilovic et al., 2021). The results of this study show that WACC for the selected companies ranged between 3.45% and 17.77%. At the same time, a negative correlation was found between WACC and selected profitability ratios – ROA, ROE, and net profit margin.

Myers, Stewart C., and Majluf, Nicholas S., in their study, presented the view that companies with high CFR and limited internal funds have a higher WACC due to risky external financing (Myers et al., 1984).

Fama, Eugene F., and French, Kenneth R., in their research, confirmed the pecking order model but contradicted the trade-off model, proposing the view that more profitable companies are less exposed to the impact of financial leverage (Fama et al., 2000). Companies with more investments have lower market leverage, which is consistent with the trade-off and the complex chain models. At the same time, companies with many investments have lower long-term dividend payouts.

Rafael A. Rodríguez, in his study, presented a new approach to calculating WACC, applying certain cash flow variables, free cash flow (FCF), or capital cash flows (CCF) (Rodríguez, 2024). The analytical expressions provided for this approach, for each case, are based not only on the debt ratio, asset, debt, and equity values, but also include information related to the duration of debt and company cash flows. This factor is crucial in the CFR regulation process.

As one of the key concepts in corporate financial management, on the one hand, the cost of capital is the cost of corporate financing and is related to the financing behavior of companies, while on the other hand, the cost of capital represents the required return for investors, which determines investment activities. Therefore, according to researcher Li, H. (Li, 2019), some of the key questions are:

- How to calculate the cost of capital?
- What are the factors influencing the cost of capital?

These two questions play a fundamental role in the WACC management process.

The relationship between CFR and WACC is crucial for financial decision-making. CFR represents the company's immediate and short-term financial needs, while WACC reflects the cost of financing those needs through the relationship between debt and equity.

Ismail, T., H. Obiedallah, Y., R. conducted a cross-sectional analysis over three years (2018-2020) for a sample of 73 non-financial companies listed on the Egyptian Stock Exchange (EGX100) (Ismail & Obiedallah, 2022). To test their hypotheses, multiple OLS regression models were used. The results revealed a negative relationship between company performance and the cost of equity. In our opinion, this factor must also be taken into account when developing the strategy for managing the value of WACC.

Zafiris, N. has proposed solutions to the issues of WACC and marginal analysis. Notably, in his research, the problem of maximizing profits was solved through effective management of marginal indicators and the hypothesis of ensuring minimum WACC through the optimal capital structure (Zafiris, 2016).

In the context of improving working capital management efficiency, in a study on CFR, Eldomiaty, T., Eid, N., Taman, F., and Rashwa, M. were able to justify the prioritization of deferred payments on accounts payable and inventory turnover management using an optimization algorithm (Eldomiaty et al., 2023).

In this article, taking into account the approaches found in professional literature and research materials, the main objective is to evaluate the effect of CFR on WACC in companies producing alcoholic beverages listed on international stock exchanges, as well as to identify the industry-specific features involved in this process at the present stage.

**RESEARCH METHODOLOGY.** The Weighted Average Cost of Capital (WACC), the company's cost of debt, and the cost of equity represent the returns expected by creditors and shareholders, based on investment risk (Berry et al., 2014).

$$WACC = (E/V \times R_e) + ((D/V \times R_d) \times (1 - T)), \quad (1)$$

Where:

E - the market value of the company's equity (market capitalization),
D - the market value of the company's debt,
V - the total value of the capital (equity plus debt),
E/V - the ratio of equity to the company's total capital,
D/V - the ratio of debt to the company's total capital,
$R_e$ - the cost of equity (required return),
$R_d$ - the cost of debt (the yield on existing debt based on its maturity date),
T - the corporate tax rate (profit tax rate).

The Capital Asset Pricing Model (CAPM) is used for calculating the equity cost. The CAPM tries to explain the relationship between the expected return on an investment and its market risk (Rossi, 2016).

$$r_e = r_f + \beta*(r_m - r_f), \quad (2)$$

Where:

$r_e$ - the expected return on equity,
$r_f$ - the risk-free rate,
$\beta$ - beta (a measure of the investment's risk relative to the market),
$r_m$ - expected market return.

In the process of controlling the current CFR, the following aspects are significant:

- Operational expenses,
- Requirement of the working capital,
- Management of short-term assets and liabilities,
- Repayment of the short-term portion of long-term debt, short-term loans, and interest payments on them,
- Collection of means that are necessary for the new projects or acquisitions of assets,
- Reserves of cash, to prevent unforeseen financial shocks.

The interaction between CFR and WACC depends on the way the organization finances its short-term financial requirements. If the organization mainly relies on short-term debt to finance its current financial needs, then the

cost of its debt increases due to credit risk. This leads to a WACC increase, which makes financing more costly. A higher WACC, in turn, makes financing more expensive (Arhinful et al., 2024). This increase in WACC hinders the implementation of investment projects and limits the organization's financial flexibility.

When CFR is regulated through equity financing, it increases the value of equity, especially when investors perceive a high CFR as a sign of financial instability. As a result, they may demand higher returns, thus raising WACC (Akbar et al., 2020).

Effective management of working capital in the CFR regulation process reduces unnecessary short-term borrowings and can contribute to the stabilization of WACC. We use the formula below to calculate the current financial requirements:

$$CFR = Inventories + Accounts\ Receivable - Accounts\ Payable \quad (3)$$

If the outcome is negative, it becomes practically possible to reduce the weight of short-term loans with high cost by increasing Accounts Payable, contributing to the reduction of WACC. However, the issue of controlling solvency levels shouldn't be ignored. Deferred payments on Accounts Payable shouldn't lead to accumulated insolvency in the long run. Therefore, maintaining a preferred ratio between debt and equity enables the balance between CFR and capital costs.

In the framework of the research, we propose a new methodological approach to assess the interaction between CFR and WACC in the context of alcoholic beverage manufacturing companies.

**In the first step,** the behavior of revenue from sales, long-term debt, equity, and total assets is studied in leading alcoholic beverage manufacturing companies by capitalization, based on selected time lag data from 2014 to 2024. The volatility of these variables is assessed through mathematical trends.

**In the second step**, a comparative analysis of the long-term debt/equity ratio and WACC is conducted in leading alcoholic beverage manufacturing companies by capitalization. The goal is to reveal the industry-specific differences in these indicators.

**In the third step**, the study of current financial demand and its components is carried out in randomly selected alcoholic beverage manufacturing companies. The CFR/(EQUITY + DEBT)*100 ratio is determined.

**In the fourth step**, the WACCs of the studied companies are compared, and the (CFR/(EQUITY + DEBT))*WACC/100 ratio is calculated. Based on the results of the analysis, the limits of the impact of CFR on WACC are identified.

**ANALYSIS AND RESULTS.** The methodological solutions proposed above will be presented under the logic of the steps outlined in the methodology section.

**Step One:** The analytical process is broken down into the following steps:

For the leading alcoholic beverage manufacturing companies and those with high capitalization, we have presented the $R^2$ values, estimated through a mathematical trend for the long-term debt, shareholder equity, total assets, and revenue from 2014 to 2024 in Table 1.

Table 1

***The $R^2$ values of the indicators for the alcoholic beverage companies with high capitalization***

| *Organizations* | *Indicators* | *$R^2$* | *Organizations* | *Indicators* | *$R^2$* |
|---|---|---|---|---|---|
| **Anheuser-Busch** | Long Term Debt | 0.183 | Pernod Ricard SA | Long Term Debt | 0.398 |
| | Shareholder Equity | 0.666 | | Shareholder Equity | 0.462 |
| | Total Assets | 0.329 | | Total Assets | 0.465 |
| | Revenue | 0.637 | | Revenue | 0.459 |
| **Diageo** | Long Term Debt | 0.646 | Carlsberg AS | Long Term Debt | 0.247 |
| | Shareholder Equity | 0.325 | | Shareholder Equity | 0.715 |
| | Total Assets | 0.611 | | Total Assets | 0.549 |
| | Revenue | 0.487 | | Revenue | 0.101 |
| **Heineken** | Long Term Debt | 0.491 | Molson Coors Beverage | Long Term Debt | 0.068 |
| | Shareholder Equity | 0.647 | | Shareholder Equity | 0.617 |
| | Total Assets | 0.801 | | Total Assets | 0.391 |
| | Revenue | 0.398 | | Revenue | 0.716 |
| **Constellation Brands Inc** | Long Term Debt | 0.668 | Kirin Holdings | Long Term Debt | .0.477 |
| | Shareholder Equity | 0.478 | | Shareholder Equity | 0.112 |
| | Total Assets | 0.672 | | Total Assets | 0.420 |
| | Revenue | 0.959 | | Revenue | 0.774 |
| **Ambev S.A** | Long Term Debt | 0.366 | Tsingtao Brewery | Long Term Debt | 0.535 |
| | Shareholder Equity | 0.195 | | Shareholder Equity | 0.978 |
| | Total Assets | 0.373 | | Total Assets | 0.939 |
| | Revenue | 0.054 | | Revenue | 0.503 |

From the data presented in Table 1[1], it can be concluded that Constellation Brands Inc. stands out in terms of managing the long-term debt indicator's efficiency. Molson Coors Beverage was the least efficient in managing the long-term debt indicator.

The lowest $R^2$ for managing total assets was observed in Anheuser-Busch.

For revenue, Constellation Brands Inc. stands out with the highest $R^2$ value. The lowest $R^2$ for managing revenue was observed in Ambev S.A.

**Inference:** In the alcoholic beverage manufacturing sector, the effect of long-term debt on WACC is considered relatively fluctuating at this stage.

In the production sector, controlling shareholder equity has gained primary importance. However, concerning Total Assets and Revenue indicators, the alcoholic beverage manufacturing companies display fluctuating behavior, which is not a positive trend from the perspective of sustainable development strategies.

**Step Two:** The results of the comparative analysis of the long-term debt/equity ratio and WACC for leading alcoholic beverage manufacturing companies by capitalization are presented in Charts 1-4.

[1] The source: https://www.macrotrends.net/stocks/industry/19/alcoholic-beverages.

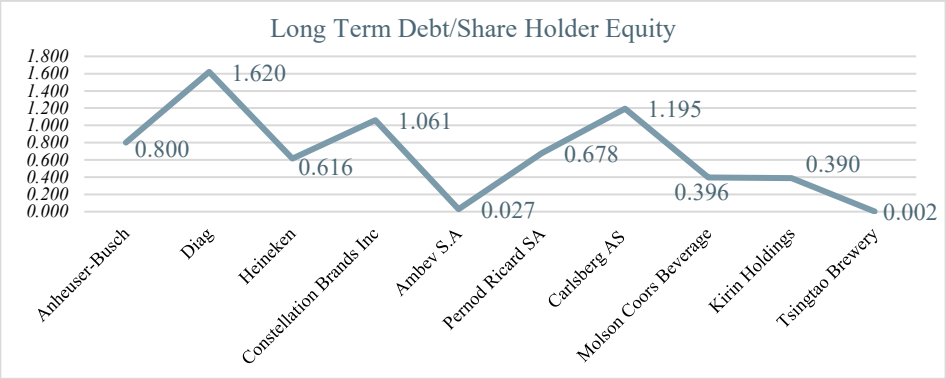


**Figure 1.** ***The long-term debt/shareholder equity ratio for the leading alcoholic beverage manufacturing companies with high capitalization***[2]

The calculations presented in Figure 1 show that the Long-Term Debt/Shareholder Equity ratio in leading alcoholic beverage manufacturing companies by capitalization significantly differs from the policy adopted by manufacturers. According to the 2024 calculations, this ratio was at its lowest level in the Tsingtao Brewery and Ambev S.A. companies. On the other hand, Diageo, Constellation Brands Inc., and Carlsberg AS companies have considered long-term debt over shareholder equity as a more preferable option. Companies like Anheuser-Busch, Heineken, and Pernod Ricard SA have exceeded the 50% threshold of long-term debt relative to equity.

**Inference.** Alcoholic beverage manufacturing companies tend to prefer long-term debt over shareholder equity.

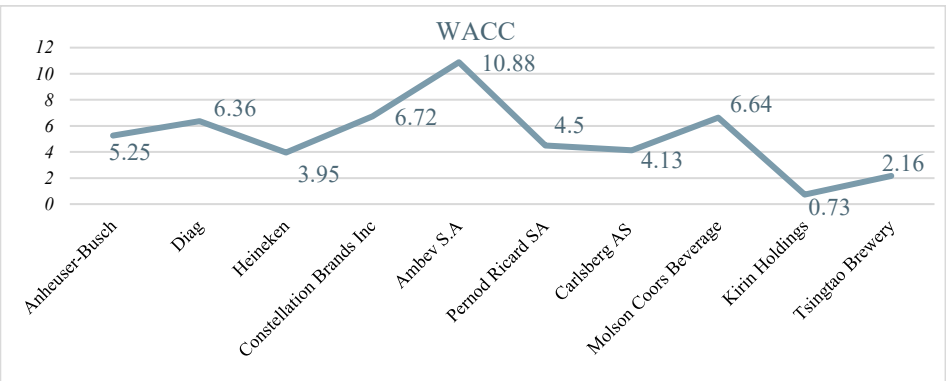


**Figure 2.** ***The comparison of WACC in leading alcoholic beverage manufacturing companies by capitalization***[3]

The calculations presented in Figure 2 show that, in leading alcoholic beverage manufacturing companies by capitalization, the WACC value currently ranges from 0.73% (Kirin Holdings) to 10.88% (Ambev S.A.). The highest

[2] The source of data: https://www.macrotrends.net/stocks/industry/19/alcoholic-beverages.
[3] The source of data: https://www.macrotrends.net/stocks/industry/19/alcoholic-beverages.

WACC value is currently held by Ambev S.A. (10.88%), which ranks fifth in capitalization. This is due to the high proportion of equity in its capital structure. Similarly, companies like Constellation Brands Inc., Molson Coors Beverage, and Diageo also have relatively high WACC values, primarily because of their higher equity proportions in the capital structure.

**Inference.** In the sector studied, a trend has been observed: when companies aim to achieve a high proportion of equity in their capital structure, they tend to have a higher WACC value. This issue highlights that the effective management of long-term debt is generally not considered an efficient tool by most leading companies in terms of capitalization. As a result, this leads to a higher WACC from a comparative perspective.

**Step Three**: In 2024, a study was conducted on the current financial requirement (CFR) and its components for randomly selected alcoholic beverage manufacturers. The ratio CFR/(EQUITY + DEBT) * 100 was evaluated.

**3.1 Sub-step:** For the randomly selected alcoholic beverage manufacturing companies, the calculations are presented in Table 2.

Table 2

***The CFR, its components, and the CFR/(EQUITY+DEBT) ratios for selected alcoholic beverage manufacturing companies (2024)***

| | *Associated Alcohols & Bre* | *Globus Spirits Ltd* | *Sula Vineyards Ltd* | *G.M. Breweries Ltd* | *BCL Industries Ltd* | *Fratelli Vineyards Ltd* | *IFB Agro Industries Ltd* | *Northern Spirits Ltd* | *Shri Gang Industries and A* | *Aurangabad Distillery Ltd* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Accounts Payable** | 37.34 | 313.9 | 75.9 | 210.0 | 79.0 | 34.3 | 446.0 | 0.0 | 202.1 | 85.0 |
| **Accounts Receivable** | 34.96 | 275.6 | 160.4 | 20.0 | 93.2 | 47.3 | 839.0 | 142.6 | 27.1 | 28.9 |
| **Inventories** | 104.01 | 188.7 | 182.7 | 287.0 | 345.1 | 27.5 | 1,316.0 | 60.0 | 250.5 | 397.2 |
| **Assets** | 618.78 | 1,766.5 | 1,007.6 | 9,174.0 | 1,097.5 | 98.7 | 6,451.0 | 244.6 | 1,630.1 | 1,841.2 |
| **Current Financial Requirement** | 101.63 | 150.44 | 267.17 | 97 | 359.32 | 40.44 | 1709 | 202.55 | 75.49 | 341.19 |
| **CFR/(EQUTY +DEBT)*100** | 16.42 | 8.52 | 26.52 | 1.06 | 32.74 | 40.97 | 26.49 | 82.80 | 4.63 | 18.53 |

From the data in Table 2, it can be seen that during the analyzed period, the highest CFR values among the randomly selected alcoholic beverage manufacturing companies were held by BCL Industries Ltd, with 359.32 million USD, and Aurangabad Distillery Ltd, with 341.19 million USD. In terms of CFR control, among the ten randomly selected alcoholic beverage manufacturing

companies, priority was given to Accounts Receivable and Inventories as components of CFR. The potential of Accounts Payable to reduce current financial demand and influence the WACC value is not fully utilized in the alcoholic beverage manufacturing sector either.

The CFR/(EQUITY+DEBT)*100 ratio was highest at Northern Spirits Ltd, with 82.8%. It was also high at Fratelli Vineyards Ltd (40.97%) and BCL Industries Ltd (32.74%). The lowest value was recorded at G.M. Breweries Ltd, with 1.06%.

**Inference.** In the studied sectors, a trend has been observed that the primary importance for organizations is maintaining current solvency. It is for this reason that Accounts Payable is not prioritized as much to reduce the demand for CFR, despite its contribution to reducing the value of WACC.

In the randomly selected alcohol-producing companies, the CFR/(EQUITY+DEBT)*100 ratio is at a higher level. This also impacts WACC in terms of meeting the CFR demand.

**Step Four**: We compare the WACC values of the studied organizations and calculate the ratio (CFR/(EQUITY+DEBT))*WACC/100. Based on the results of the analysis, we present the boundaries of the sectoral impact of CFR on WACC.

**4.1 Sub-step.** The calculations for randomly selected alcoholic beverage producing companies are presented in Table 3.

Table 3

***Ratios for selected alcoholic beverage producing companies (2024)***

| | *WACC* | *CFR* | *CFR/(EQUTY+ DEBT)*100* | *(CFR/(EQUTY+ DEBT)*WACC/100* |
|---|---|---|---|---|
| Associated Alcohols & Bre | 10.85 | 101.6 | 16.42 | 1.78 |
| Globus Spirits Ltd | 15.57 | 150.4 | 8.52 | 1.33 |
| Sula Vineyards Ltd | 12.19 | 267.2 | 26.52 | 3.23 |
| G.M. Breweries Ltd | 13.98 | 97.0 | 1.06 | 0.15 |
| BCL Industries Ltd | 11.84 | 359.3 | 32.74 | 3.88 |
| Fratelli Vineyards Ltd | 8.66 | 40.4 | 40.97 | 3.55 |
| IFB Agro Industries Ltd | 15.3 | 1709.0 | 26.49 | 4.05 |
| Northern Spirits Ltd | 10.78 | 202.6 | 82.80 | 8.93 |
| Shri Gang Industries and A | 9.27 | 75.5 | 4.63 | 0.43 |
| Aurangabad Distillery Ltd | 15.98 | 341.2 | 18.53 | 2.96 |

From the data in Table 3, it follows that during the analyzed period, the highest WACC values among the randomly selected alcoholic beverage producing companies were observed in Aurangabad Distillery Ltd (15.98%) and Globus Spirits Ltd (15.57%).

In terms of WACC value management, the most effective companies were Fratelli Vineyards Ltd (8.65%) and Shri Gang Industries and A (9.27%).

With the CFR/(EQUTY+DEBT)*100 ratio, Northern Spirits Ltd had the highest value at 82.8%. An effective policy was applied by G.M. Breweries Ltd, which had the lowest value at 1.06%.

Under the applied approaches to CFR control, a favorable impact on WACC was observed (the financing of CFR was evaluated as inexpensive) in G.M. Breweries Ltd (0.15%) and Shri Gang Industries and A (0.43%). Among the randomly selected alcoholic beverage producing companies, the financing of CFR was considered expensive in Northern Spirits Ltd, IFB Agro Industries Ltd, Fratelli Vineyards Ltd, and BCL Industries Ltd.

**Inference**. The trend is that, under the conditions of higher WACC values in the randomly selected alcoholic beverage producing companies, the financing of CFR is considered expensive. The issues regarding capital intensity, CFR instability, debt dependence, and WACC sensitivity, in comparison to the sectoral characteristics of the analyzed companies, are presented in Table 4.

Table 4

***The challenges highlighted within the alcoholic beverage manufacturing industry***

| *Factor* | *Alcoholic beverages production* |
|---|---|
| Capital intensity | Low (brewing, packaging, distribution) |
| CFR instability | High volatility (fluctuating demand, faster turnover) |
| Debt dependency | Moderate (preference for long-term loans, corporate bonds) |
| WACC sensitivity to CFR | High sensitivity |

**CONCLUSION.** Listed alcoholic beverage manufacturing companies on the stock exchange face several challenges in managing Capital Resource Framework and Weighted Average Cost of Capital, for which they are attempting to find systematic solutions.

**The findings of the evaluation are summarized as follows:**

In the industry of alcoholic beverages, companies with alike levels of CFR tend to exhibit lower WACC sensitivity for the following reasons:

- Balanced cash flow provided by continuous demand,
- Capacity to finance short-term needs independently (positive increase in retained profit),
- Depend on external debt inferiorly,
- Collecting receivables in time is a key factor for maintaining healthy cash flows and optimizing working capital. Implementation of strong credit policies and credit risk assessment, establishing clear procedures for invoicing and collection, can help alcoholic beverage manufacturers to quicken cash inflows and decrease the Specific gravity of the bad quality debts. Moreover, using digital payment solutions and automated platforms for managing receivables will simplify the invoicing and collection process, improve cash visibility, and increase receivables management efficiencies.
- Effective management of accounts payable is important for working capital management optimization. Negotiating about appropriate conditions of payment with suppliers and sellers, companies can strategically prolong payment conditions, thus retaining cash for

operational functions and capital investments. Furthermore, the realization of dynamic discount programs and supply chain financing agreements can support early payments while improving relations with the suppliers and securing favorable pricing. This approach is greatly important in reducing WACC.

- Optimizing management of the working capital is crucial for organizations that aim to strengthen their financial position, raise operational efficiency, and have sustainable growth. By focusing on simplifying the cash conversion cycle, implementing JIT inventory practices, improving management of the receivables, and negotiating favorable payment conditions, companies can position themselves for long-term success in the current competitive business environment.

**Based on the analysis, we recommend the alcoholic beverage manufacturers:**

- To use stable cash flows for internal CFR financing, rather than relying on expensive external financing,
- To maintain a moderate level of financial leverage to prevent unnecessary increases in WACC,
- To implement policies aimed at reducing CFR through accounts payable in companies with high solvency to reduce WACC,
- To use hedging approaches to manage price fluctuations of goods affecting CFR.

The research, which was carried out in the current article, confirms that CFR significantly affects WACC. Alcoholic beverage manufacturers experience lower WACC sensitivity, benefiting from stable cash flows and lower leverage. By optimizing financial strategies, companies can mitigate CFR-related WACC instability, enhancing financial stability and the attractiveness of investments.

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