FC Research

First Capital

First Capital Research

SRI LANKA

Initiating Coverage

LOLC FINANCE PLC (LOFC.N0000) STRONG BUY

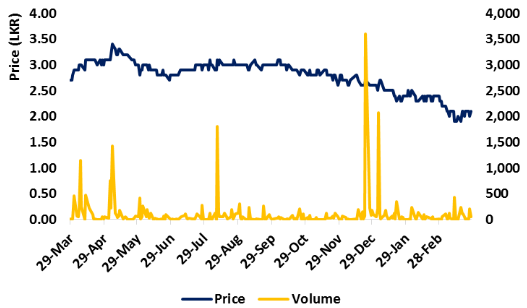
LOFC.N0000 **Current Price: 2.1** **Fair Value: LKR 3.7** **Mar 2017**

KEY DATA			
Share Price (LKR)			2.10
52w High/Low (LKR)			2.7/1.9
Average Daily Volume (Shares)			168,883
Average Daily Turnover (LKR)			196,587
Issued Share Capital (Shares mn)			2,800
Market Capitalisation (LKR mn)			5,880
Price Performance (%)	1 mth	3 mths	12mths
LOFC	-12.5%	-19.2%	-22.2%
ASPI	-1.8%	-3.6%	-0.2%
Major Shareholders as at 31st December 2016			
Lanka ORIX Leasing Company PLC			90.0%
Saakya Capital (Pvt) Ltd			4.6%
Satya Capital (Pvt) Ltd			1.9%
Capital Alliance Holdings Ltd			1.0%
Dr. R.R.De Silva			0.4%
Estimated Free Float			10.00%

Discount for liquidity:

The fair value of LOFC has been adjusted 10% downwards to reflect the lower trading volumes of the share compared to the average trading volume of the market.

Figure 1: LOFC Price Volume Graph



Source: CSE

Disclosure on Shareholding:

First Capital Group and its affiliates do not hold shares in LOFC. Neither First Capital Group nor its affiliates have traded in the shares in the three trading days prior to this document, and will not trade in the shares for three trading days following the issue of this document.

"Gearing up for the Future"

P/E 31 March	*FY15*	*FY16*	*FY17E*	*FY18E*	*FY19E*
Revenue (LKR mn)	12,141	14,383	22,073	26,008	29,758
YoY % Growth	*6%*	*18%*	*53%*	*18%*	*14%*
Net Profit (LKR mn)	**1,484**	**1,427**	**1,653**	**2,335**	**3,456**
EPS (LKR)	0.5	0.5	0.6	0.8	1.2
YoY % Growth	*48%*	*-4%*	*16%*	*41%*	*48%*
Valuations					
PER (x)	4.0	4.1	3.6	2.5	1.7
PBV (x)	0.7	0.6	0.4	0.3	0.3
Dividend Yield (%)	-	-	-	-	-
NAVPS	2.9	3.3	4.8	6.1	7.8
DPS (LKR)	-	-	-	-	-
Dividend Payout	*0%*	*0%*	*0%*	*0%*	*0%*

LOFC has the second largest individual asset base in the Non-Banking Financial Institution (NBIF) sector in Sri Lanka, and is expected to grow at an impressive CAGR of c.25% in earnings during the period FY16-FY19E, to reach LKR 3.5Bn in FY19E. The company is expected to grow its earnings mainly through an increase in lending at a CAGR of c.15% to LKR 145.2Bn in FY19E along with improved Net Interest Margins (NIMs) of c.10.0% during the same period. FC Research expects LOFC to provide a total return of 76% at LKR 3.7. STRONG BUY

Change in Lending Portfolio mix to counter asset liability mismatch: In response to the past rising interest rate environment, a shift in the focus of the loan portfolio from long term products, leasing and loans, towards a short term product, factoring. This would help match the predominantly short term liabilities with the more long term asset base, and thereby reduce the exposure to NIM deterioration caused by the higher interest rates.

NIMs to improve with interest rate decline: NIMs expected to improve from c.8.5% in FY17E to c.8.7% and c.10.0% in FY18E and FY19E respectively. This is due to the time lag between the borrowings and lending re-pricing, where borrowing rates would decline at a faster rate than the lending rates in a declining interest rate environment which would in turn expand NIMs.

Reduced NPLs with improvements in the secondary market for vehicles: Reduction in NPLs with improvements in the second hand market for vehicles will have indirect positive effect on earnings through reduction in the loan loss provisions.

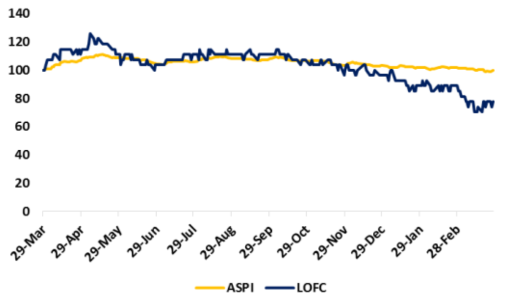
Investment Risk: Operating in the finance sector, LOFC is exposed to credit, market and regulatory risks.

LOFC to provide a total return of 76%: FC Research expect LOFC to achieve a fair value of LKR 3.7 providing a total return of 76% (Capital Gains 76%, Dividend yield 0%) over a 12-month period. [RI based LKR 3.5, Justified PBV based LKR 3.8, PER based LKR 5.0 and illiquidity discount of 10%].

1.0 Introduction

1.1 "Premier licensed finance company in Sri Lanka": As one of the flagship entities of LOLC Group, LOFC has diversified into areas such as Islamic Finance, Auto and SME Finance, Working Capital and Foreign Currency Business. The lending portfolio consists of leasing, hire purchase, loans and advances, factoring and margin trading and is backed by a borrowing mix which consists of bank overdraft, interest bearing borrowings and deposits from customers. LOFC is the single largest deposit taker in the Non-Bank Financial Institutions (NBIF) sector in Sri Lanka with customer deposits standing at LKR 60.2Bn in FY16 and reaching LKR c.109.4Bn in FY19E. Furthermore, in terms of individual asset base, the company is the second largest with an asset base of LKR 110.4Bn in FY16 and this is expected to grow at a CAGR of *c.*13% to reach LKR 182.1Bn in FY19E.

Figure 2: ASPI vs LOFC



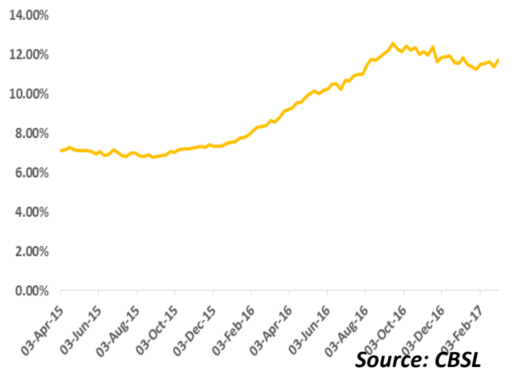
Source: CSE

1.2 Share Price Performance: Over the past few months LOFC's shares have under-performed compared to the market mainly driven by the adverse macro-economic conditions. LOFC has been trading between LKR 1.9-2.7.

2.0 Change in Lending Portfolio mix to counter asset liability mismatch

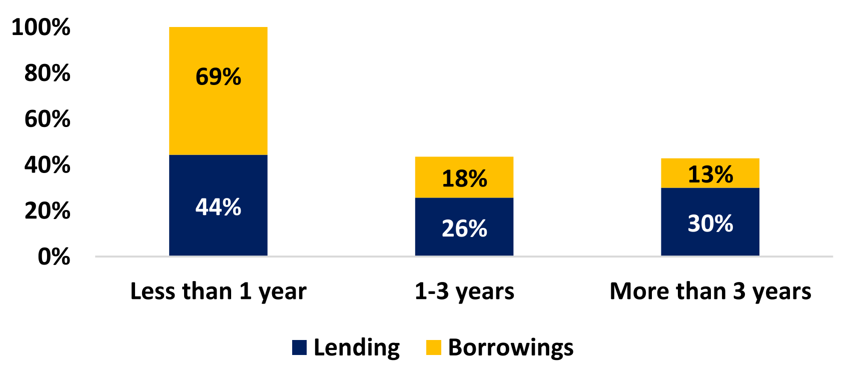
2.1 Deterioration of NIMs with asset liability mismatch: A shift in LOFC's portfolio mix towards short term products (i.e. less than one year) due to borrowings and lending re-pricing mismatch. About 44% of the lending portfolio was short term (less than 1 year) and 56% was classified as medium to long term in FY16. Contrary to this, borrowings were predominantly short term with 69% classified as short term and 31% medium to long term. Therefore rising interest rates, as shown by the AWPLR movement in FY16 continuing into FY17E, results in LOFC's deposit base re-pricing at higher rates faster than its assets base which in turn deteriorates NIMs.

Figure 3: AWPLR Movement



Source: CBSL

Figure 4: Total Lending and Borrowings Mix by Maturity

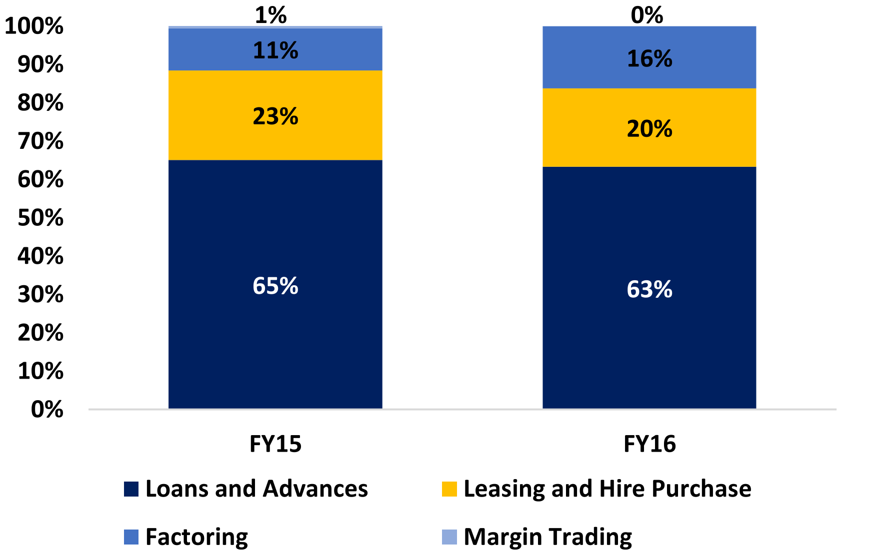


Source: Company Annual Reports

2.2 AWPLR expected to reach peak level in the first half of FY18E and decline thereafter in latter half of FY18E and beginning of FY19E: AWPLR lags the government securities market by 6 months while the rates are mostly in line with 5 year Treasury bond. Therefore based on FC Research estimates the AWPLR is expected to reach its peak levels in the first half of FY18E and thereby show a declining trend towards the latter half of FY18E.

2.3 Greater focus on factoring with rise in interest rates: LOFC has changed the portfolio mix with leasing and hire purchase declining from 23% in FY15 to 20% in FY16 and loans and advances also declining from 65% to 63% during the same period. Instead a greater focus has been shifted to factoring, which has grown by 119% from FY15 to FY16 resulting in a higher contribution to the loan portfolio of 16% from 11%.

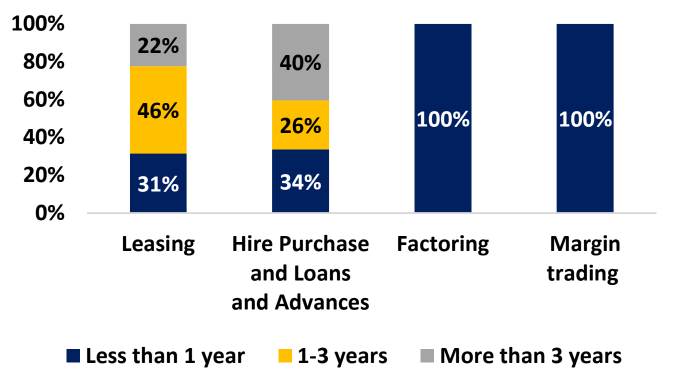
Figure 5: Lending Portfolio Mix



Source: Company Annual Reports

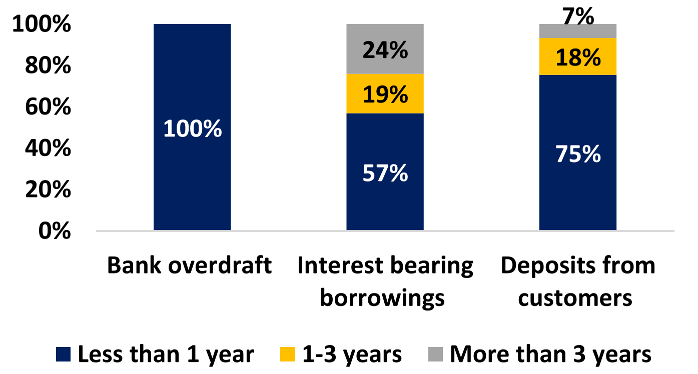
2.3.1 Shift of focus in the lending due to differences in maturity durations: 100% of factoring in LOFC is less than one year, as opposed to leasing, hire purchase and loans and advances where only 31% and 34% respectively were short term. Moving into more short term forms of lending will better match the borrowings and lending durations, leading to a reduction in the asset liability mismatch and thereby reducing the interest rate risk.

Figure 6: Lending Portfolio by Maturity



Source: Company Annual Reports

Figure 7: Borrowings by Maturity

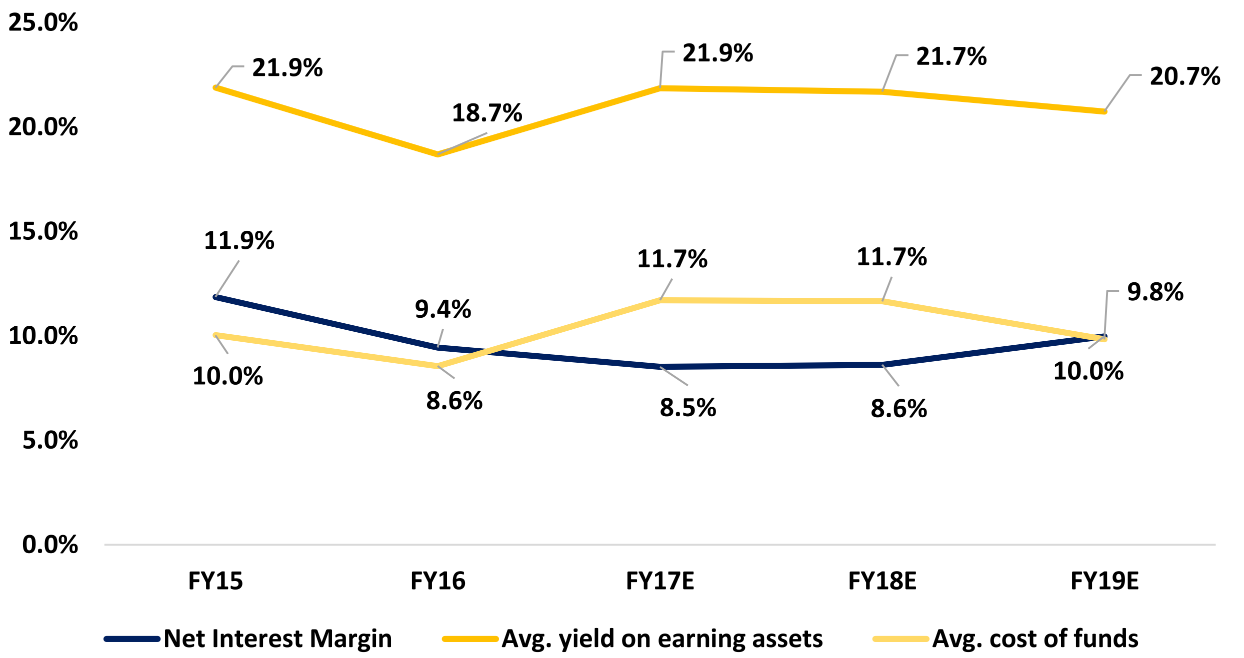


Source: Company Annual Reports

3.0 Improvements in NIMs to boost lending

3.1 Decline in interest rates in FY18E to boost NIMs: The decline in interest rates towards the end of FY18E is expected to improve NIMs. However the full effect of the interest rate reduction is expected to be seen in FY19E where NIMs have improved significantly to *c.*10%. FC Research expects interest rates to peak in the first half of FY18E and thereafter a decline is expected towards the latter part of the year. The borrowing re-pricing is fasters than that of the lending. Therefore when short term borrowings are renewed at the reduced interest rates, while lending is locked in on a more long term basis during interest rate peaks, NIMs would improve greatly.

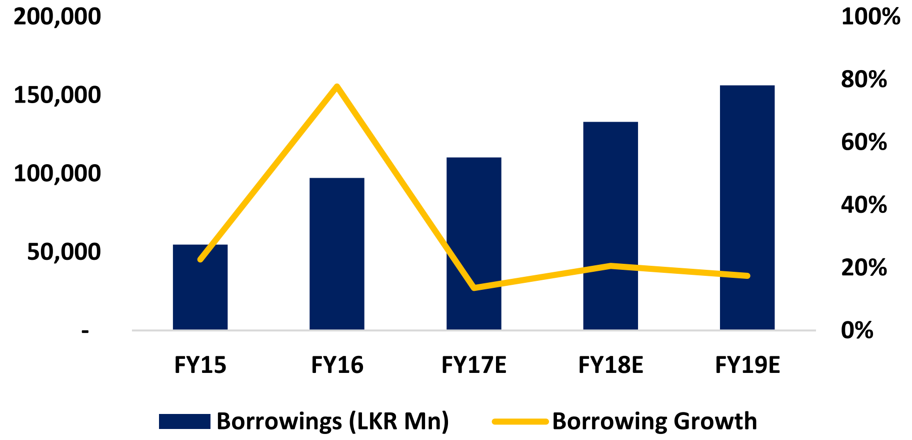
Figure 8: NIM, Average Yield on Earning Assets and Average Cost of Funds movement from FY15-FY19E



Source: Company Annual Reports and FC Research Estimates

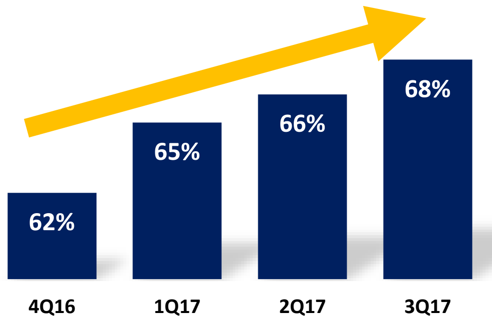
3.2 Increase present borrowings to increase future lending: LOFC strategy is to increase borrowings before the interest rate declining trend, so as to have the ability to fund the expansion in lending during NIM improvements.

Figure 9: Borrowings Base and Borrowings Growth



Source: Company Annual Reports and FC Research Estimates

Figure 10: Deposits to Total Borrowings %



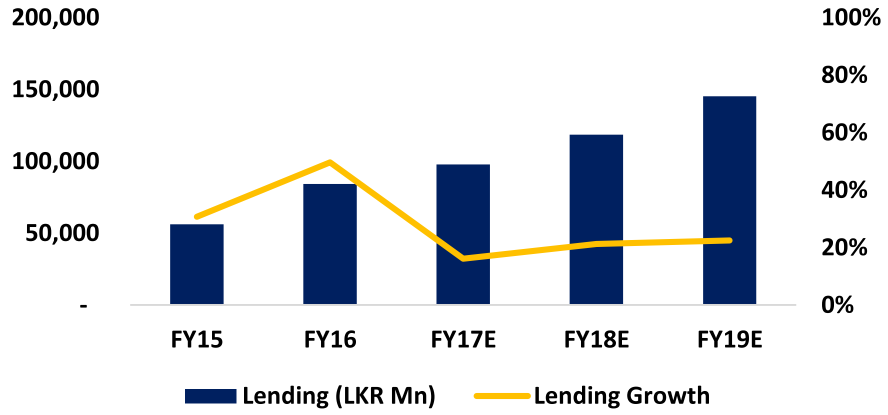
Source: Company Quarterly Reports

3.2.1 Largest individual deposit base in the Sri Lankan NBIF sector with higher contribution to LOFC's total borrowings: LOFC has the largest individual deposit base in the NBFI sector with customer deposits reaching LKR 74.2Bn as at 3Q17. The importance of the deposits base in the borrowings mix has also shown a substantial improvement due to LOFC's increased focus on sourcing borrowings through deposits. There are several reasons as to why LOFC is attractive for customer deposits. Firstly, it offers a combination of high interest rates along with good credit rating of A. Moreover LOFC invests in technology that improves customer convenience such as online banking through Orix Real Time and, more recently, the mobile banking app, LOLC Real Time. In addition to these LOFC has carried out various promotional campaigns focused on individuals and corporate investors and has a well distributed branch network across the country.

3.2.2 Increased sourcing of borrowings from customer deposits with higher focus on raising short term deposits: Accordingly deposits have grown by 23% from 4QFY16 to 3QFY17, and total contribution to total borrowings has increased significantly from 63% to 68% during the same period. Deposits are expected to grow at a CAGR of *c.*16% from FY16-FY19E to reach LKR *c.*109.4Bn in FY19E. In addition to this LOFC has a short term to long term deposits ratio of 77:22 as at FY16. This is expected to further increase with greater focus on raising short term deposits.

3.3 Increased lending after interest rates reach peak levels: With NIMs improving and high level of borrowings available, LOFC is expected to increase lending from the latter half of FY18E, continuing into FY19E. Such a strategy would enable LOFC to make use of the improved NIMs and thereby improve the profitability. Lending is expected to grow by *c.*21% and *c.*22% to reach LKR *c.*118.6Bn and LKR *c.*145.2Bn by FY 18E and FY19E respectively.

Figure 11: Lending Portfolio and Lending Growth



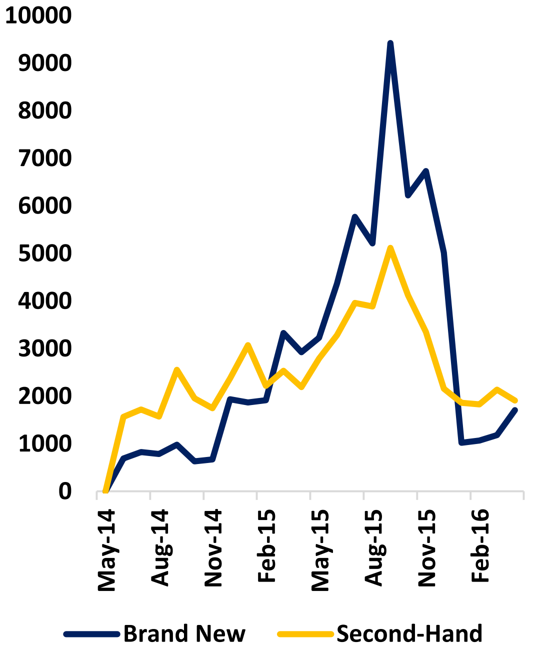
Source: Company Annual Reports and FC Research Estimates

4.0 Reduced NPLs with improvements in the secondary market for vehicles

4.1 Rise in Vehicle prices to reduce impairment provisions: New LTV regulations, rupee depreciation and increased taxes has led to a significant rise in vehicle prices in the brand new vehicles market invariably resulting in rise in second hand market vehicle prices. The asset appreciation discourages borrowers from defaulting, and in case of a default, allows finance companies to easily dispose of the asset, without financial loss as the value of the asset is higher.

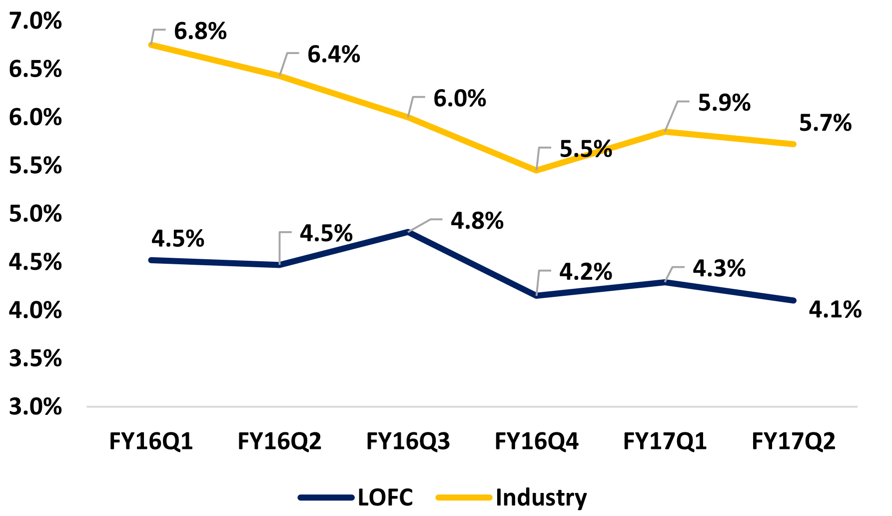
4.2 Lower NPLs to reduce impairment provisions and have positive impact on earnings: The lower defaults have brought down NPLs in the finance sector from 6% in 2QFY16 to 5.72% in 2QFY17. LOFC's NPLs are lower than that of the industry but follow a similar declining trend, dropping from 4.47% in 2QFY16 to 4.10% in 2QFY17. A further decline is expected in the latter half of FY17E and in FY18E. The lower NPLs indicate an increase in the LOFC's asset quality and will in turn have an indirect positive impact on the bottom line by way of lower impairment provisions.

Figure 12: Demand for Brand New and Second hand Motor cars



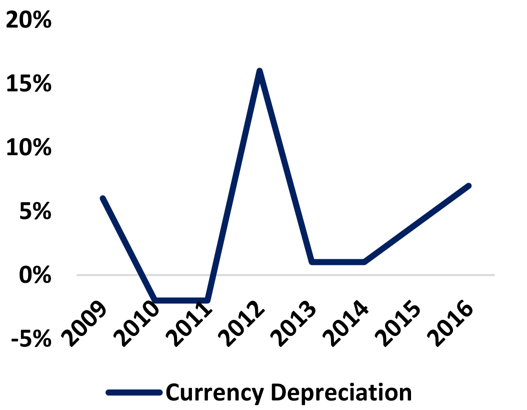
Source: Department of Motor Traffic

Figure 13: NIBF Sector NPLs vs. LOFC NPLs



Source: Company Annual Reports and FC Research Estimates

Figure 14: LKR/USD Depreciation



Source: CBSL

Table 1: LTV ratio regulations

	Budget 2016	Budget 2017*
Motor Cars, SUVs and Vans	70%	50%
Three Wheelers	70%	25%
Commercial Vehicles	70%	90%
Others	70%	70%

**Not applicable to transport and tourism sectors*

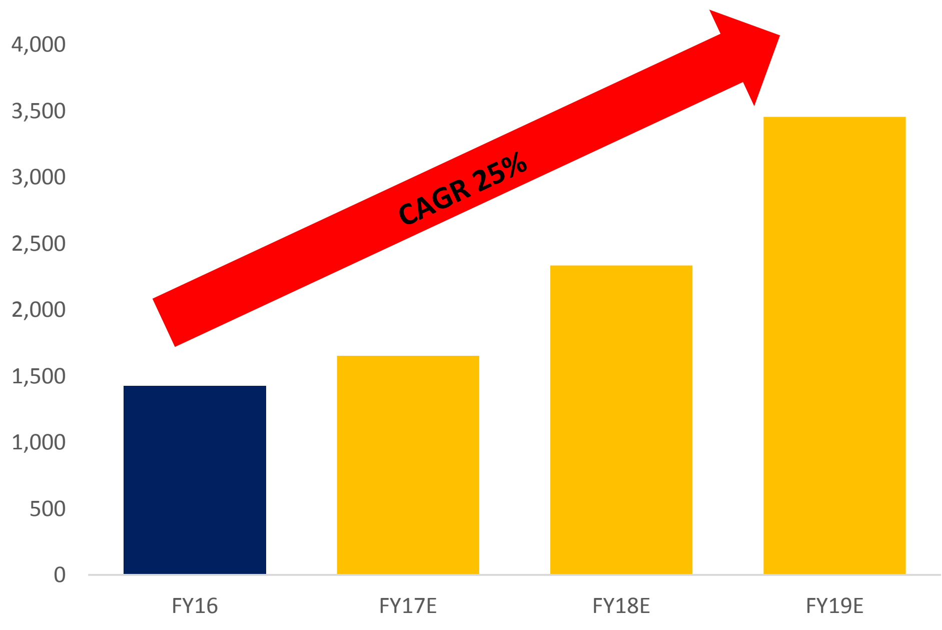
Source: CBSL

4.0 LOFC to provide 76% annualized return

P/E 31 March	FY15	FY16	FY17E	FY18E	FY19E
Revenue (LKR mn)	12,141	14,383	22,073	26,008	29,758
YoY % Growth	*6%*	*18%*	*53%*	*18%*	*14%*
Net Profit (LKR mn)	**1,484**	**1,427**	**1,653**	**2,335**	**3,456**
EPS (LKR)	0.5	0.5	0.6	0.8	1.2
YoY % Growth	*48%*	*-4%*	*16%*	*41%*	*48%*
Valuations					
PER (x)	4.0	4.1	3.6	2.5	1.7
PBV (x)	0.7	0.6	0.4	0.3	0.3
Dividend Yield (%)	-	-	-	-	-
NAVPS	2.9	3.3	4.8	6.1	7.8
DPS (LKR)	-	-	-	-	-
Dividend Payout	*0%*	*0%*	*0%*	*0%*	*0%*

LOFC Earnings CAGR of 25% FY16-19E: We expect a fair value of LKR 3.7 based on LOFC's earnings of LKR *c.*3.5Bn in FY19E (CAGR of *c.*25% over FY16-19E). At the current price, forward PER is expected to be 6.0x by FY18E and FY19E.

Figure 15: Earnings to grow at a CAGR of 25% over FY16-FY19E



4.1 LOFC Annualized Return of 76%

Fair Value of LKR 3.7: Based on the company's value as at FY18, FC Research expects a fair value of LKR 3.7 for LOFC providing total return of 76% at current price levels of LKR 2.1. The LOFC target price of LKR 3.7 is based on the average price of LKR 3.5 via Residual Income valuations, LKR 3.9 via Justified PBV valuations, LKR 5.0 via PER based valuations and an illiquidity discount of 10%.

FY19E: For FY19E we expect a fair value of LKR 5.4 for LOFC based on average price of LKR 4.8 via Residual Income valuations, LKR 5.9 via Justified PBV valuations, LKR 7.4 via PER based valuations and an illiquidity discount of 10% providing an annualized return of 61% (capital gain 61% and dividend yield 0%) and total return of 159% (capital gain 159% and dividend yield 0%) at current market price of LKR 2.1.

Expected LOFC Price	FY18E	FY19E
PER based target price	5.0	7.4
Justified PBV based target price	3.9	5.9
Residual Income Based Target Price	3.5	4.8
Average Target Price	4.1	6.0
Discount for illiquidity	10%	10%
Average Target Price	3.7	5.4

Dividend Yield of 0%: FC Research expects a DPS of LKR 0.0 for FY18E resulting in a dividend yield of 0% for LOFC at current price level of LKR 2.1.

Return	FY18E	FY19E
Target Price	3.7	5.4
Current Price	2.1	2.1
Capital Gain	1.6	3.3
Dividend FY17E	0.0	0.0
Dividend FY18E	0.0	0.0
Capital Gain %	76%	159%
Dividend Yield %	0%	0%
Total Return %	76%	159%
Total Annualised Return %	76%	61%

4.2 Residual Income Valuation

Residual Income value of LKR 3.5 in FY18E: FC Research estimates LOFC to have a price per share of LKR 3.5 in FY18E and LKR 4.8 in FY19E based on Residual Income valuation method.

Residual Income (LKR Mn)	FY18E	FY19E
PV of Residual Income	(3,768)	(3,751)
No. of Shares (Mn)	2,800	2,800
Residual income per share	(1.3)	(1.3)
Opening book value per share	4.8	6.1
Value of Equity per share	**3.5**	**4.8**

COE (K_e)	
R_f	11%
β	1.49
Growth %	3%
$K_e = R_f + \beta (R_m - R_f)$	**22%**

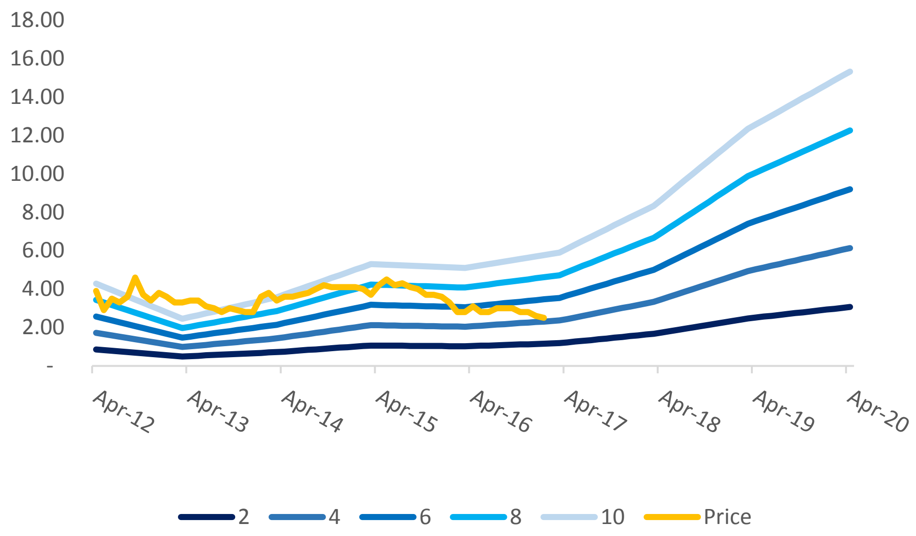
4.3 Justified PBV

Justified PBV value of LKR 3.9 in FY18E: FC Research estimates LOFC to have a price per share of LKR 3.9 in FY18E and LKR 5.9 in FY19E based on Residual Income valuation method.

Justified PBV based Valuation	*FY18E*	*FY19E*
ROAE	15%	18%
Payout ratio	0%	0%
Growth	3%	3%
COE	22%	22%
PBV	0.6	0.8
NAVPS	6.1	7.8
Justified PBV	**3.9**	**5.9**

4.3 Average PER of 6.0x

Figure 16: PE Band Graph



PER based Valuation	FY18E	FY19E
Earnings (LKR 'Mn)	2,335	3,456
No. of Shares ('Mn)	2,800	2,800
EPS	0.8	1.2
Expected PER	6.0x	6.0x
Price at 6x Earnings	5.0	7.4

LOFC price has been trading between 4.0x – 8.0x bands during the last 24 months. We expect LOFC to trade at a PER of 6.0x on FY18E earnings. By FY18E LOFC's EPS is expected to reach LKR 0.8. We expect LOFC to trade at a PER of 6.0x on FY18E earnings to reach a price of LKR 5.0 by end of FY18E. LOFC's FY19E EPS is expected to reach LKR 1.2 and at 6.0x earnings, the price for LOFC stands at LKR 7.4.

5.0 Investment Risks

Credit risk: Credit risk refers to the possibility of default by counterpart. Credit risk management starts at the point of grating credit where a careful credit screening is done for a customer. In addition, delegating approval limits for credit managers, reducing concentration on few customers are some other ways credit risk is managed by finance companies. The credit limits are regulated by the Central Bank. During times of economic distress credit risk can increase as falling income levels make it difficult for the customers to make payments. At the same time, during an economic growth, credit risk relatively comes down with increasing creditworthiness.

Market risk: Market risks encompasses interest rate risk, exchange rate risk, commodity price risk and equity price risk, all of which are determined by demand and supply. The fluctuations in interest rate risk affects the interest spread of the finance companies, which creates fluctuations in net interest income. Recently, interest rates spreads could be seen declining to 2.8% levels from 4.6% levels in September 2016. Equity price risk is associated with fluctuations and volatility in the stock prices that may result in fall in share values, eroding investor confidence. Commodity prices risk refers to the fluctuations in commodity prices that put pressure on costs on one aspect, and erodes consumer purchasing power on another aspect.

Regulatory risk: Regulatory risk refers to the risk that the changes in the regulations adversely affecting the finance companies. Similar to banks, finance companies are also highly regulated therefore the changes in the regulations inevitably affects the company. . The budget 2017 has several proposals including amending the loan to value ratio of motor vehicles, guidelines on lending portfolio composition, increasing VAT and income taxes, introducing amendments to the debt recovery provisions of Licensed Finance Companies and setting up a Financial Asset Management Agency (FAMA) to restructure distressed finance companies. We are yet to see the effect of the proposals if they are implemented.

Appendix 1 – Recommendation Criteria

Categorization	Company Category	Strong Buy	Buy	Hold	Sell
Grade A	S&P SL20 Companies	T.Bill + 10% & Above	T.Bill + 5% & Above	T.Bill + 1% & Above	Below T.Bill + 1%
Grade B	Rest of the Companies	T.Bill + 13% & Above	T.Bill + 8% & Above	T.Bill + 3% & Above	Below T.Bill + 3%
Grade C	Companies less than LKR 1Bn Market Cap	T.Bill + 16% & Above	T.Bill + 11% & Above	T.Bill + 6% & Above	Below T.Bill + 6%

1 Year T Bill rate as of 24-03-2016 – 10.82%

Appendix 2 – Income Statement

Income Statement (LKR mn)	FY15	FY16	FY17E	FY18E	FY19E
Interest income	10,871	13,138	19,900	23,470	27,354
Interest expense	(4,978)	(6,499)	(12,137)	(14,106)	(14,140)
Net interest income	**5,893**	**6,638**	**7,764**	**9,364**	**13,214**
Net other operating income	1,270	1,246	2,172	2,537	2,404
Direct expenses excluding interest cost	(429)	(912)	(1,457)	(1,406)	(2,242)
Allowance for impairment & write-offs	(1,497)	(1,569)	(1,233)	(1,329)	(1,596)
Personnel expenses	(897)	(1,101)	(1,294)	(1,643)	(1,915)
Depreciation	(12)	(33)	(189)	(392)	(616)
General & administration expenses	(1,860)	(1,975)	(2,863)	(3,035)	(3,187)
	-	-	-	-	-
Profit from operations	**2,467**	**2,296**	**2,900**	**4,096**	**6,063**
Value added tax on financial services	(240)	(276)	(435)	(614)	(909)
Profit before tax	**2,226**	**2,020**	**2,465**	**3,482**	**5,154**
Income tax expense	(743)	(593)	(812)	(1,147)	(1,698)
	-	-	-	-	-
Profit for the year	**1,484**	**1,427**	**1,653**	**2,335**	**3,456**
EPS	0.53	0.51	0.59	0.83	1.23
DPS	-	-	-	-	-

Source: Company Annual Reports and FC Research Estimates

Appendix 3 – Balance Sheet

Balance Sheet (LKR mn)	FY15	FY16	FY17E	FY18E	FY19E
ASSETS					
Cash and bank balances	2,975	3,498	4,289	5,264	1,730
Deposits with banks and other financial institutions	761	10,207	9,711	11,556	13,982
Investment in government securities	5,901	8,397	12,745	14,445	15,730
Derivative assets	3	98	-	-	-
Rentals receivable on leased assets	13,150	17,244	18,814	21,667	26,217
Hire purchases, loans and advances	36,647	53,335	60,692	70,779	89,138
Factoring receivable	6,200	13,599	18,208	26,000	29,713
Margin trading receivables	294	86	101	120	145
Other receivables	639	694	-	-	-
Investment securities	9	1,083	-	-	-
Amount due from related companies	3	3	-	-	-
Investment properties	1,143	930	930	930	930
Property plant and equipment	137	1,210	2,376	3,474	4,468
Other Assets	-	-	-	-	-
Total Assets	**67,862**	**110,385**	**127,866**	**154,235**	**182,054**
LIABILITIES					
Bank overdraft	2,333	1,942	1,103	1,324	1,562
Interest bearing borrowings	11,040	35,070	33,100	39,720	45,307
Deposits from customers	41,310	60,197	76,129	92,017	109,361
Trade payables	646	638	638	638	638
Accruals and other payables	822	1,019	1,019	1,019	1,019
Derivative liabilities	58	18	18	18	18
Amount due to related companies	2,453	997	997	997	997
Current tax payable	434	310	310	310	310
Deferred tax liability	761	985	985	985	985
Employee benefits	10	12	12	12	12
Total liabilities	**59,868**	**101,187**	**114,310**	**137,039**	**160,208**
SHAREHOLDER'S FUNDS					
Stated capital	2,000	2,000	2,000	2,000	2,000
Statutory reserve	954	1,239	3,807	5,112	6,305
Investment fund reserve	-	-	-	-	-
Cash flow hedge reserve	-	23	-	-	-
Available for sale investment reserve	86	(160)	-	-	-
Retained earnings	4,954	6,096	7,750	10,085	13,541
Total Equity	**7,994**	**9,198**	**13,556**	**17,197**	**21,846**
Total Liabilities and Shareholders' Funds	**67,862**	**110,385**	**127,866**	**154,235**	**182,054**
NAVPS	2.9	3.3	4.8	6.1	7.8

Source: Company Annual Reports and FC Research Estimates

Appendix 4 – Ratio Sheet

Ratio Analysis	FY15	FY16	FY17E	FY18E	FY19E
Tier 1 (5%)	13%	10%			
Tier 2 (10%)	18%	13%			
Return on Average Equity	20%	17%	15%	15%	18%
Return on Average Assets	2%	2%	1%	2%	2%
Avg. yield on earning assets	22%	19%	22%	22%	21%
Avg. cost of funds	10%	9%	12%	12%	10%
Net Interest Spread	12%	10%	10%	10%	11%
Net Interest Margin	12%	9%	9%	9%	10%
Cost / Income	66%	71%	71%	66%	61%
Cost / Average Assets	8%	6%	6%	6%	6%
Asset Growth	27%	63%	16%	21%	18%
Deposit Growth	-3%	46%	26%	21%	19%
Borrowings Growth	23%	78%	14%	20%	18%
Loan Growth	31%	50%	16%	21%	22%
Loan / Deposits	136%	140%	128%	129%	133%
Deposit / Borrowings	76%	62%	69%	70%	70%
Loan / Total Assets	83%	76%	76%	77%	80%
Deposit / Liabilities	69%	59%	67%	67%	68%
Equity / Assets	12%	8%	11%	11%	12%
Cost / Branch (Rs.'Mn)	35	41	51	56	68
Rev. / Employee (Rs.'Mn)	17	17	22	22	24
Employees	642	771	910	1,074	1,127
Branches	134	136	137	139	141

Source: Company Annual Reports and FC Research Estimates