



# Focus Point

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## Bonus Issue and Expansion Plans

On Monday, FPHB announced three corporate proposals: a 1-for-3 bonus issue, a dividend reinvestment plan (DRP), and a share grant plan (SGP) of up to 10%, with the ex-date yet to be determined. This mark FPHB's fourth bonus issue since 2019 and its most generous to date. We are overall positive as it adds liquidity to the stock and would make participation more assessable. Fundamentals unchanged for now, we reiterate our BUY call on Focus Point Holdings Berhad ("FPHB") with a TP of RM1.18, based on 13x FY25F EPS.

**1-for-3 bonus issue a positive.** FPHB has proposed a 1-for-3 bonus issue to reward its existing shareholders. Historically, the group had undertaken a similar exercise every 1-2 years with a positive reflection to its share price. Additionally, FPHB also has announced a DRP, allowing shareholders to reinvest their cash dividends at a discount of up to 10%, enabling them to accumulate more shares while helping FPHB retain capital for future expansion and strengthen its balance sheet. Furthermore, the proposed SGP, which covers up to 10% of its total shares, serves as a long term incentives to motivate and rewards employees, fostering greater loyalty and value creation within the company. As the only listed optical business, FPHB has the unique advantage of offering such a structured plan, differentiating itself from unlisted competitors that cannot replicate it.

**Fully diluted TP revision.** Assuming full dilution from the proposed 1-for-3 bonus issue, the Theoretical Ex-Bonus Price (TEBP) would be RM0.54, derived from 10.1x FY24 EPS of 5.4 sen. With the enlarged share base increasing by 154m shares to 616m (from 462m currently), we expect a proportionate adjustment in valuations. Taking this into account, our fully diluted TP stands at RM0.88, based on a target multiple of 13x FY25F EPS of 6.8 sen. That said, we believe this corporate exercise could be beneficial for the stock, as the lower share price post-bonus enhance retail investor participation and market liquidity.

**Post announcement** we leave our FY25F/ FY26F earnings unchanged for now. We await the completion of the proposed exercise before we reflect its effective enlarged share base into our model. No earnings accretive adjustments to be made as it does not involve any fund raising.

**BUY call maintained with a TP of RM1.18.** We believe this is justified based on: (i) robust growth potential, driven by sustainable market demand for its eyewear products and store expansion; (ii) stronger corporate sales (+68%YoY); (iii) increasing promotional activities which are yielding positive results; (iv) a solid balance sheet providing ample cash for expansion; and (v) a strong net cash position, allowing FPHB to deliver sustainable dividends.

FY Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	248.8	260.9	292.5	335.3	371.0
EBITDA	100.7	100.3	109.3	127.1	137.1
Net Profit	35.9	30.2	33.2	41.8	48.2
Core Net Profit	35.9	30.2	33.2	41.8	48.2
Core EPS (sen)	7.8	6.5	7.2	9.0	10.4
Core EPS Growth (%)	155.2	(15.9)	10.1	25.8	15.5
Net DPS (sen)	2.1	3.0	3.5	3.6	4.2
BV per share (sen)	22.0	25.5	29.2	34.6	40.9
P/E (x)	9.3	11.1	10.1	8.0	6.9
EV/EBITDA (x)	3.2	3.3	3.0	2.6	2.3
Net Dividend Yield (%)	2.9	4.1	4.8	5.0	5.8
P/B (x)	3.3	2.8	2.5	2.1	1.8
Net Gearing (x)	Cash	Cash	Cash	Cash	Cash
ROE (%)	35.3	25.6	24.6	26.1	25.5

Main Market  
Consumer Products & Services Sector  
BUY

TP: RM 1.18

Last Closing Price: RM 0.73

### Business Overview

Focus Point Holdings Berhad (FPHB) operates the largest optical retail chain store in Malaysia. They have also diversified their business into the food and beverages sector with Komugi and HAP&PI.

### Return Information

KLCI (pts)	1,527.8
Upside (%)	62.0
Net Yield (%)	5.0
Total Return (%)	67.0

### Price Performance

	1M	3M	12M
Absolute (%)	(11.0)	(10.5)	2.8
Relative to KLCI (%)	(7.6)	(6.2)	3.8

### Stock Information

Market Cap (RM m)	334.9
Issued Shares (m)	462.0
52-week High (RM)	0.88
52-week Low (RM)	0.70
Estimated Free Float (%)	20.0
Beta vs FBM KLCI	0.8
3-month Average Vol. (m)	0.4
Shariah Compliant	Yes

Consensus	FY24	FY25	FY26
EPS Forecast (sen)	8.0	8.4	9.2
Ratings	5 Buy	0 Hold	0 Sell

### Top 3 Shareholders

	%
Dato' Liaw Choon Liang	37.6
Datin Goh Poi Eong	12.9
PERNAS	8.4



Source: Mercury Securities, Bloomberg



## Company Site Visit Update

Last Friday, we conducted a site visit followed by a management meeting in Mid Valley, where we visited several key retail outlets such as iFocus, Whoosh, Excelview, Focus Point, Focus Point Signature, Optometris Anggun, Hap&Pi, and Komugi.

## Key Takeaways

1. Following our mall visit, we observed that all Focus Point stores are strategically positioned in prime areas of Mid Valley. The store sizes are thoughtfully designed, averaging between 600 to 1,000 sq ft, allowing customers to browse the full range of products comfortably at a glance.
2. We also like how the Group differentiates its store segments to cater to different target markets: (1) Optometris Anggun, which features classy and elegant eyewear, incorporating Malay aesthetic art culture; (2) Whoosh, offers a wide range of trendy designs at affordable prices; and (3) Focus Point Signature, provides only finest selection of products and brands.
3. Additionally, the Focus Point Signature store has also relocated to a larger and more prominent spot near the ground floor escalator, ensuring higher foot traffic and visibility, particularly during promotional campaigns. This relocation not only enhances brand exposure but also places greater emphasis on value-added services, such as Airdoc AI Fundus and other high precision screening machines. After trying the machines ourselves, we found the process were quick and highly detailed, further enriching the in-store experience.

**On track.** The optical division remains to be the key driver, backed by its extensive 196-store network and ongoing expansion plans. Management has outlined plans to open 10 new stores in FY25 at strategic locations like IOI Mall Damansara, Mitsui Sepang, Sabah, and Sarawak. We expect further growth in this segment as FPHB strengthen its market share and capitalise on the growing demand for optical products—driven by a rising myopic populations, stronger corporate sales (+68% YoY), and the sustained effectiveness of its marketing and promotional strategies. In FY24, it's 360 Advanced Primary Eye Care campaign successfully provided free eye screenings to 15,000 individuals through 8 roadshows, with a target of 10 in FY25. Additionally, FPHB has differentiated itself by deploying Airdoc AI technology across 100 outlets, further elevating its competitive edge in the eyecare solutions.

**Scaling up F&B operations.** Meanwhile, the F&B division is continues expand, with 16 Komugi outlets and 1 HAP&PI store, alongside plans to open up to 3 additional Komugi outlets. With the strong performance and growing SKUs at Family Mart and AEON, the division remain well-positioned for growth. Additionally, FPHB is also actively exploring new supply partnerships with established F&B chains and café operators, including a recently secured agreement with a leading F&B brand and its ongoing trial supply partnership with ZUS Coffee.



Figure 1: Focus Point Store



Figure 2: Whoosh Store



Figure 3: Focus Point Signature Store Relocated



Figure 4: 360° APEC







Figure 5: Advanced Vision Testing Centre



Figure 6: HAP&PI Frozen Yogurt Store





## Key Financial Data

### Balance Sheet

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
PPE	47.8	53.6	60.7	64.7	66.1
Intangibles	-	-	-	-	-
Inventories	52.7	60.7	60.7	81.8	90.5
Receivables	39.4	42.9	43.2	58.3	64.0
Other assets	77.5	86.6	85.2	85.8	86.1
Deposit, bank and cash	54.0	39.4	38.5	38.9	52.7
<b>Assets</b>	<b>271.4</b>	<b>283.2</b>	<b>288.3</b>	<b>329.4</b>	<b>359.4</b>
LT borrowings	21.9	17.8	18.5	18.5	18.5
ST borrowings	17.1	17.2	16.9	16.9	16.9
Payables	36.7	33.1	20.1	40.8	44.5
Other liabilities	94.0	97.1	97.8	93.1	90.5
<b>Liabilities</b>	<b>169.7</b>	<b>165.2</b>	<b>153.3</b>	<b>169.3</b>	<b>170.4</b>
Share capital	40.1	40.1	40.1	40.1	40.1
Reserves	61.6	77.9	94.9	120.0	148.9
<b>Shareholder's equity</b>	<b>101.7</b>	<b>118.0</b>	<b>135.0</b>	<b>160.1</b>	<b>189.0</b>
MI	-	-	-	-	-
<b>Equity</b>	<b>101.7</b>	<b>118.0</b>	<b>135.0</b>	<b>160.1</b>	<b>189.0</b>
<b>Equity and Liabilities</b>	<b>271.4</b>	<b>283.2</b>	<b>288.3</b>	<b>329.4</b>	<b>359.4</b>

### Cash Flow Statement

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
Profit before taxation	47.9	39.9	43.7	55.0	63.5
Depreciation & amortisation	37.3	43.8	45.3	47.5	48.2
Changes in working capital	(8.9)	(15.7)	(16.8)	(15.5)	(10.8)
Net interest received/ (paid)	(0.2)	(0.3)	0.1	(6.1)	(5.9)
Share of associate profits	(0.3)	(0.1)	0.0	0.0	0.0
Tax paid	(6.7)	(12.6)	(13.4)	(13.2)	(15.2)
Others	5.6	6.6	6.2	7.2	7.0
<b>Operating Cash Flow</b>	<b>74.6</b>	<b>61.6</b>	<b>65.1</b>	<b>74.9</b>	<b>86.7</b>
Capex	(14.4)	(13.2)	(14.2)	(16.0)	(14.0)
Others	(33.0)	14.3	5.1	0.0	0.0
<b>Investing Cash Flow</b>	<b>(47.4)</b>	<b>1.1</b>	<b>(9.1)</b>	<b>(16.0)</b>	<b>(14.0)</b>
Issuance of shares	-	-	-	-	-
Changes in borrowings	(35.5)	(44.7)	(33.3)	(41.8)	(39.6)
Dividends paid	(9.9)	(13.9)	(16.2)	(16.7)	(19.3)
Others	(3.8)	(4.2)	(4.6)	0.0	0.0
<b>Financing Cash Flow</b>	<b>(49.2)</b>	<b>(62.7)</b>	<b>(54.0)</b>	<b>(58.5)</b>	<b>(58.9)</b>
Net cash flow	(22.1)	(0.0)	2.0	0.4	13.8
Forex	-	-	-	-	-
Beginning cash	34.8	12.7	12.7	14.7	15.1
<b>Ending cash</b>	<b>12.7</b>	<b>12.7</b>	<b>14.7</b>	<b>15.1</b>	<b>28.9</b>

### Income Statement

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
Revenue	248.8	260.9	292.5	335.3	371.0
EBITDA	100.7	100.3	109.3	127.1	137.1
Depn & amort	(37.3)	(43.8)	(45.3)	(47.5)	(48.2)
Net interest expense	5.4	6.1	4.6	6.1	6.0
Associates & JV	0.3	0.1	0.2	(0.3)	(0.4)
EI	0.0	(0.8)	(0.5)	(1.7)	(1.9)
<b>Pretax profit</b>	<b>47.9</b>	<b>39.9</b>	<b>43.7</b>	<b>55.0</b>	<b>63.5</b>
Taxation	(12.0)	(9.7)	(10.5)	(13.2)	(15.2)
MI	-	-	-	-	-
<b>Net profit</b>	<b>35.9</b>	<b>30.2</b>	<b>33.2</b>	<b>41.8</b>	<b>48.2</b>
<b>Core net profit</b>	<b>35.9</b>	<b>30.2</b>	<b>33.2</b>	<b>41.8</b>	<b>48.2</b>

### Key Statistics & Ratios

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
<b>Growth</b>					
Revenue	46.0%	4.9%	12.1%	14.6%	10.6%
EBITDA	61.5%	-0.4%	9.0%	16.2%	7.9%
Pretax profit	131.2%	-16.7%	9.6%	25.7%	15.5%
Net profit	155.2%	-15.9%	10.1%	25.8%	15.5%
Core EPS	82.3%	-15.9%	10.1%	25.8%	15.5%
<b>Profitability</b>					
EBITDA margin	40.5%	38.5%	37.4%	37.9%	36.9%
Net profit margin	14.4%	11.6%	11.3%	12.5%	13.0%
Effective tax rate	25.1%	24.4%	24.1%	24.0%	24.0%
ROA	13.2%	10.6%	11.5%	12.7%	13.4%
ROE	35.3%	25.6%	24.6%	26.1%	25.5%
<b>Leverage</b>					
Debt/ Assets (x)	0.14	0.12	0.12	0.11	0.10
Debt/ Equity (x)	0.38	0.30	0.26	0.22	0.19
Net debt/ equity (x)	Cash	Cash	Cash	Cash	Cash

### Key Drivers

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
Optical revenue growth (%)	45.7%	4.4%	13.8%	14.9%	9.1%
F&B revenue growth (%)	25.6%	2.2%	4.0%	21.5%	10.5%
Optical operating margin (%)	22.6%	19.8%	18.0%	20.0%	20.0%
F&B operating margin (%)	9.8%	-0.5%	7.2%	8.0%	12.0%

### Valuation

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
EPS (sen)	7.8	6.5	7.2	9.0	10.4
Core EPS (sen)	7.8	6.5	7.2	9.0	10.4
P/E (x)	9.2	11.0	10.0	7.9	6.8
EV/ EBITDA (x)	3.1	3.2	3.0	2.6	2.3
Net DPS (sen)	2.1	3.0	3.5	3.6	4.2
Yield	3.0%	4.2%	4.9%	5.1%	5.8%
BV per share (RM)	0.22	0.26	0.29	0.35	0.41
P/BV (x)	3.2	2.8	2.4	2.1	1.7

Source: Mercury Securities, Bloomberg



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