



Focus Point Holdings Bhd

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3QFY24: On Track for a Strong Finish

Focus Point Holdings Bhd (FPBH) reported a 3QFY24 net profit of RM8.1m (+26.8% yoy), bringing 9MFY24 core earnings to RM24m (+21.9% yoy), meeting 68% of both our and consensus full-year forecasts. We view these results as in line with our expectations, as we expect the group to deliver seasonally strong earnings in 4QFY24, driven by festive spending and stronger corporate sales in the optical segment. As such, we maintain our valuation forecasts and BUY call on FPBH with an unchanged TP of RM1.15 based on 13x FY25F EPS.

Results Highlights

Solid 3QFY24 results, expect seasonal boost ahead. Focus Point posted an 8.7% yoy revenue growth this quarter, resulting in a solid net profit of RM8.1m (+26.8% yoy) and lifted 9MFY24 core earnings to RM24m (+21.9% yoy), meeting 68% of both our and consensus full-year forecasts. We view these results as in line with our expectations, as we expect the group to deliver a seasonally strong earning in 4QFY24, driven by festive spending and higher corporate sales in the optical segment. Additionally, Focus Point declared a second interim dividend of 1.75 sen (ex-date of Dec 5), bringing the YTD DPS declared to 3.5 sen.

Steady performance in optical sales. As of 9MFY24, FPBH's revenue increased by 11.7% from RM187.2m to RM209.1m, primarily driven by the steady growth in the optical (13.4% yoy) and F&B segments (5.4% yoy). The standout performance in the optical segment was largely driven by ongoing outlet expansion, with four new stores added, increasing the total to 196 outlets compared to 192 in FY23. This growth was also supported by the expanding myopic populations, along with stronger corporate sales and the continued effectiveness of marketing and promotional strategies.

Stable growth in F&B operations. The F&B segment is gaining traction with higher corporate sales, supported by increased production of innovative products for key clients like Family Mart, which continues to expand its convenience stores network. The growth has enabled Komugi to maintain a healthy utilisation rate (100% for CK1, ~50% for CK2) and keep the F&B segment stayed in the green. Additionally, the group is still in a trial partnership with ZUS Coffee by supplying selected products to one outlet, with feedback expected by early 2025.

Earning forecast and valuation. We maintain our earnings forecasts and TP of RM1.15, based on 13x FY25F EPS, aligning with the average valuation of similar consumer retail stocks. We remain optimistic about FPBH's leading position in the eyewear business and its potential earnings expansion from the turnaround in the F&B business.

FY Dec (RM m)	FY22	FY23	FY24F	FY25F	FY26F
Revenue	248.8	260.9	293.8	325.7	356.2
EBITDA	88.2	88.0	98.2	106.6	115.0
Net Profit	35.9	30.2	35.1	41.0	47.1
Core Net Profit	35.9	30.2	35.1	41.0	47.1
Core EPS (sen)	7.8	6.5	7.6	8.9	10.2
Core EPS Growth (%)	82.3	(15.9)	16.5	16.7	14.8
Net DPS (sen)	3.0	3.0	3.5	3.5	4.1
BV per share (sen)	22.0	25.5	30.1	35.4	41.5
P/E (x)	9.9	11.7	10.1	8.6	7.5
EV/EBITDA (x)	3.8	4.0	3.6	3.2	2.8
Net Dividend Yield (%)	3.9	3.9	4.3	4.6	5.3
P/B (x)	3.5	3.0	2.5	2.2	1.8
Net Gearing (x)	Cash	Cash	0.0	Cash	Cash
ROE (%)	35.3	25.6	25.2	25.0	24.5

Main Market
Consumer Products & Services Sector
BUY
TP: RM 1.15
Last Closing Price: RM 0.81

Business Overview

Focus Point Holdings Berhad 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)	1,589.8
Upside (%)	42.0
Net Yield (%)	4.3
Total Return (%)	46.3

Price Performance

	1M	3M	12M
Absolute (%)	0.0	1.3	3.9
Relative to KLCI (%)	(1.8)	4.1	(5.4)

Stock Information

Market Cap (RM m)	374.0
Issued Shares (m)	462.0
52-week High (RM)	0.88
52-week Low (RM)	0.69
Estimated Free Float (%)	23.9
Beta vs FBM KLCI	0.6
3-month Average Vol. (m)	0.8
Shariah Compliant	Yes

Consensus	FY24	FY25	FY26
EPS Forecast (sen)	8.1	9.0	9.8
Ratings	5 Buy	0 Hold	0 Sell

Top 3 Shareholders

	%
Dato' Liaw Choon Liang	37.5
Datin Goh Poi Eong	12.9
PERNAS	8.4



Source: Mercury Securities, Bloomberg



Figure 1 : 3QFY24 results review

FY Dec (RM m)	3QFY23	2QFY24	3QFY24	% y-o-y change	% q-o-q change	9MFY23	9MFY24	% y-o-y	Comments
Key financial highlights									
Revenue	64.5	70.6	70.2	8.7	-0.6	187.2	209.1	11.7	Look into revenue breakdown.
Gross profit	40.9	45.9	45.5	11.3	-0.7	121.2	136.1	12.3	
Operating profit	10.1	12.4	11.7	15.4	-5.6	30.2	35.3	16.8	
Pretax profit	9.2	11.4	10.6	15.0	-7.0	27.2	32.0	17.6	
Net profit	6.4	8.4	8.1	26.8	-3.7	19.7	24.0	21.9	
Core net profit	6.4	8.4	8.1	26.8	-3.7	19.7	24.0	21.9	
Per share data									
EPS (sen)	1.4	1.8	1.8	26.6	-3.8	4.3	5.2	21.5	Upcoming dividend is 1.75 sen with ex-date of 5 Dec 2024.
Core EPS (sen)	1.4	1.8	1.8	26.6	-3.8	4.3	5.2	21.5	
Net DPS (sen)	0.0	1.8	0.0	0.0	0.0	1.5	1.7	16.7	
BV/share (sen)	24.8	27.2	29.0	17.0	6.5	24.8	29.0	17.0	
Margins									
Gross profit (%)	63.4	64.9	64.9	1.5 pts	-0.1 pts	64.8	65.1	0.3 pts	Better GP margin YoY.
Operating profit (%)	15.7	17.6	16.7	1.0 pts	-0.9 pts	16.1	16.9	0.7 pts	
Pretax (%)	14.3	16.1	15.1	0.8 pts	-1.0 pts	14.5	15.3	0.8 pts	
Net profit (%)	9.9	11.9	11.6	1.7 pts	-0.4 pts	10.5	11.5	1.0 pts	Stronger NP margin YoY.
Other highlights									
Revenue breakdown									
- Optical related	51.8	57.9	57.2	10.5	-1.3	150.9	171.1	13.4	Strong marketing activities.
- Food and beverages	11.0	10.7	10.7	-2.1	0.4	29.9	31.5	5.4	Increase corporate client and improving UR of central kitchen.
- Franchise management	1.0	1.0	0.9	-3.8	-4.3	3.0	3.0	-0.9	Decrease in F&B franchise fee.
- Other	0.8	1.0	1.3	59.3	30.8	3.4	3.4	0.9	
Number of stores (Optical)									
- Wholly-owned						130	132	1.5	
- Franchise						62	64	3.2	
Number of stores (F&B)									
- Wholly-owned						12	14	16.7	Opened 1 Komugi retail outlet and Hap&Pi Kiosk.
- Franchise						22	17	-22.7	Brunei closed due to non-compliance and 3 outlets in Philippines closed by foreign master franchisee.

Source: Company, Mercury Securities



Key Financial Data

Balance Sheet

FYE Dec	FY22	FY23	FY24F	FY25F	FY26F
PPE	47.8	53.6	57.5	59.3	60.8
Intangibles	-	-	-	-	-
Inventories	52.7	60.7	72.3	80.2	87.7
Receivables	39.4	42.9	51.6	56.8	61.8
Other assets	77.5	88.6	89.1	89.4	89.6
Deposit, bank and cash	54.0	37.4	34.8	45.8	61.8
Assets	271.4	283.2	305.3	331.5	361.7
LT borrowings	21.9	17.8	17.8	17.8	17.8
ST borrowings	17.1	17.2	17.2	17.2	17.2
Payables	36.7	33.1	37.2	40.5	43.5
Other liabilities	94.0	97.1	94.0	92.3	91.3
Liabilities	169.7	165.2	166.2	167.8	169.8
Share capital	40.1	40.1	40.1	40.1	40.1
Reserves	61.6	77.9	99.0	123.6	151.8
Shareholder's equity	101.7	118.0	139.1	163.7	191.9
MI	-	-	-	-	-
Equity	101.7	118.0	139.1	163.7	191.9
Equity and Liabilities	271.4	283.2	305.3	331.5	361.7

Cash Flow Statement

FYE Dec	FY22	FY23	FY24F	FY25F	FY26F
Profit before taxation	47.9	39.9	46.2	53.9	61.9
Depreciation & amortisation	37.3	43.8	46.2	46.9	47.3
Changes in working capital	(8.9)	(15.7)	(16.2)	(9.8)	(9.6)
Net interest received/ (paid)	(0.2)	(0.3)	(5.0)	(4.9)	(4.9)
Share of associate profits	(0.3)	(0.1)	0.0	0.0	0.0
Tax paid	(6.7)	(12.6)	(11.1)	(12.9)	(14.9)
Others	5.6	6.6	10.0	9.8	9.7
Operating Cash Flow	74.6	61.6	70.1	83.0	89.7
Capex	(14.4)	(13.2)	(14.5)	(13.0)	(13.0)
Others	(33.0)	14.3	0.0	0.0	0.0
Investing Cash Flow	(47.4)	1.1	(14.5)	(13.0)	(13.0)
Issuance of shares	0.0	0.0	0.0	0.0	0.0
Changes in borrowings	(33.9)	(42.9)	(39.1)	(37.7)	(36.9)
Dividends paid	(9.9)	(13.9)	(14.0)	(16.4)	(18.8)
Others	(5.4)	(5.9)	(5.0)	(4.9)	(4.9)
Financing Cash Flow	(49.2)	(62.7)	(58.2)	(59.0)	(60.6)
Net cash flow	(22.1)	(0.0)	(2.6)	11.0	16.0
Forex	0.0	0.0	0.0	0.0	0.0
Beginning cash	34.8	12.7	12.7	10.2	21.1
Ending cash	12.7	12.7	10.2	21.1	37.2

Income Statement

FYE Dec	FY22	FY23	FY24F	FY25F	FY26F
Revenue	248.8	260.9	293.8	325.7	356.2
EBITDA	88.2	88.0	98.2	106.6	115.0
Depn & amort	(37.3)	(43.8)	(46.2)	(46.9)	(47.3)
Net interest expense	4.8	5.3	5.0	4.9	4.9
Associates & JV	0.3	0.1	0.1	0.1	0.1
EI	0.0	(0.8)	0.0	0.0	0.0
Pretax profit	47.9	39.9	46.2	53.9	61.9
Taxation	(12.0)	(9.7)	(11.1)	(12.9)	(14.9)
MI	0.0	0.0	0.0	0.0	0.0
Net profit	35.9	30.2	35.1	41.0	47.1
Core net profit	35.9	30.2	35.1	41.0	47.1

Key Statistics & Ratios

FYE Dec	FY22	FY23	FY24F	FY25F	FY26F
Growth					
Revenue	46.0%	4.9%	12.6%	10.9%	9.4%
EBITDA	47.6%	-0.2%	11.6%	8.5%	7.8%
Pretax profit	131.2%	-16.7%	15.8%	16.7%	14.8%
Net profit	155.2%	-15.9%	16.5%	16.7%	14.8%
Core EPS	82.3%	-15.9%	16.5%	16.7%	14.8%

Profitability

EBITDA margin	35.5%	33.7%	33.4%	32.7%	32.3%
Net profit margin	14.4%	11.6%	11.9%	12.6%	13.2%
Effective tax rate	25.1%	24.4%	24.0%	24.0%	24.0%
ROA	13.2%	10.6%	11.5%	12.4%	13.0%
ROE	35.3%	25.6%	25.2%	25.0%	24.5%

Leverage

Debt/ Assets (x)	0.14	0.12	0.11	0.11	0.10
Debt/ Equity (x)	0.38	0.30	0.25	0.21	0.18
Net debt/ equity (x)	Cash	Cash	0.00	Cash	Cash

Key Drivers

FYE Dec	FY22	FY23	FY24F	FY25F	FY26F
Optical revenue growth (%)	45.7%	4.4%	13.4%	10.4%	9.0%
F&B revenue growth (%)	39.0%	10.8%	9.8%	14.6%	11.8%
Optical operating margin (%)	22.6%	19.8%	20.0%	20.0%	20.0%
F&B operating margin (%)	9.8%	-0.5%	4.0%	8.0%	12.0%

Valuation

FYE Dec	FY22	FY23	FY24F	FY25F	FY26F
EPS (sen)	7.8	6.5	7.6	8.9	10.2
Core EPS (sen)	7.8	6.5	7.6	8.9	10.2
P/E (x)	9.8	11.6	10.0	8.6	7.5
EV/ EBITDA (x)	3.8	4.0	3.6	3.2	2.8
Net DPS (sen)	3.0	3.0	3.0	3.5	4.1
Yield	3.9%	3.9%	4.0%	4.7%	5.4%
BV per share (RM)	0.22	0.26	0.30	0.35	0.42
P/BV (x)	3.5	3.0	2.5	2.1	1.8



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