



Focus Point Holdings Bhd

Resilient Fundamentals Meet Attractive Shareholder Returns

Post results briefing, Focus Point's highlights a strategic pivot toward high-value medical eyecare, leveraging its 206-outlet network and AI driven diagnostic tools to differentiate itself from traditional retailers. While the core optical segment continues to deliver record results, management is actively rationalizing the F&B division to restore profitability through cost control and franchise expansion. Backed by an improving net cash position, the Group has implemented a 50% dividend payout ratio yielding a record 3.563 sen while recent inclusions in key Bursa Malaysia ESG and Quality indices serve as major catalysts for potential institutional support. New TP of RM0.66 (previously RM0.62), while we slightly trim FY26E earnings, ascribing its FY26E EPS of 6.6 sen to target P/E multiple of 10x. Maintain BUY.

We attended FOCUSP's post results briefing recently and gathered several key insights on its operational developments and outlook. The key takeaways include:

- Optical Segment Dominance and the Pivot to Medical Eyecare.** The core Optical segment remains the primary engine of growth, but the narrative is shifting from pure retail expansion to high-value medical services. With 206 outlets now established across every state in Malaysia, Focus Point is leveraging its scale to roll out "Advanced Primary Eye Care" (APEC). By integrating AI-powered technology like AirDoc for early eye disease detection, the group is effectively gaining higher ground that distinguishes it from traditional optical retailers. This transition into specialized healthcare services is expected to drive higher customer retention and support margins despite a competitive retail landscape.
- F&B Segment: Navigating Headwinds Toward Recovery.** The F&B segment (Komugi) continues to be the wildcard in the Group's portfolio. While FY25 revenue remained stable at RM44.2m, profitability was weighed down by rising operating expenses and one-off write-downs, resulting in a RM3.1m loss. However, management's rationalization strategy is underway, focusing on optimizing the 14 self-owned retail outlets in Malaysia and supporting the robust franchise growth in the Philippines (currently 25 outlets). Investors should monitor this segment for a potential turnaround play as cost-control measures may take effect in the coming quarters.
- Capital Management and Enhanced Shareholder Returns.** A key highlight of the current fiscal period is the Group's strengthened balance sheet and more aggressive dividend policy. Maintaining a net cash position as of December 2025 provides Focus Point with significant opportunity to fund its expansion into East Malaysia without diluting equity. This financial strength has allowed the board to institutionalize a 50% dividend payout ratio with quarterly distributions. The record-high dividend payout (3.563 sen for FY25) provides a solid yield floor and signals management's confidence in sustained cash flow generation.

Company Update

BUY (↔)

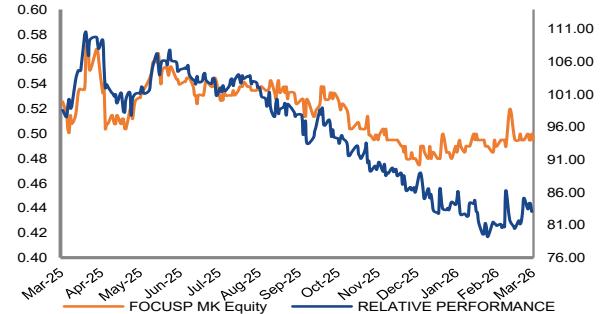
research@mersec.com.my

Tuesday, March 10, 2026

Price: RM 0.50

Target Price: RM 0.66 (↑)

Share Price Performance



Business Overview

Focus Point Holdings Bhd owns and operates eye care centers. The Company also franchises eye care centers and provides medical eye care surgery and services. Listed on the Main market.

Return Information

KLCI (pts)	1,718.06
YTD KLCI chg.	2.3%
YTD Stock Price chg.	2.1%

Price Performance	1M	3M	12M
Absolute (%)	1.0	3.1	(5.9)
Relative to KLCI (%)	1.9	(3.2)	(16.9)

Stock Information

Market Cap (RM m)	304.4
Issued Shares (m)	616.0
52-week High (RM)	0.61
52-week Low (RM)	0.46
Est. Free Float (%)	4.7%
Beta vs FBM KLCI	0.9
3-month Avg Vol. (m)	354,028
Shariah Compliant	Yes
Bloomberg Ticker	FOCUSP MK Equity

Top 3 Shareholders

	%
Dato Liaw Choon Liang	38.3%
Sustain Focus Sdn Bhd	28.5%
Datin Goh Poi Eong	12.9%

FY Mar (RM m)	FY25A	FY26E	FY27E
Revenue	311.4	348.5	390.1
Gross Profit	204.1	235.8	265.3
EBITDA	100.5	107.5	116.7
PBT	48.7	60.1	68.6
Net Profit	35.0	40.7	47.2
Core Net Profit	35.0	40.7	47.2
Consensus Net Profit	-	37.9	40.8
Earnings Revision (%)	-	-2.7%	0.0%
Core EPS (sen)	5.7	6.6	7.7
Core EPS Growth (%)	-21%	16%	16%
Net DPS (sen)	2.8	3.3	3.8
Net Div. Yield (%)	5.7%	6.7%	7.7%
BV Per Share (sen)	24.7	28.1	31.9
PER (x)	8.7	7.5	6.5
PBV (x)	2.00	1.76	1.56
ROE (%)	23%	24%	24%



4. ESG Integration as a Potential Institutional Catalyst. Focus Point's recent inclusion in the FTSE4Good Bursa Malaysia Index (Dec '25), FTSE4Good Bursa Malaysia Shariah Index (Dec '25), Bursa Malaysia Quality 50 Index (Jan '26) and Bursa Malaysia Quality 50 Shariah Index (Jan '26) marks a significant milestone for institutional investability. Previously, the Group's ESG score improved from 2.4 to 2.8 in just six months (June to December 2024), reflecting improved governance and community engagement. As institutional funds increasingly mandate ESG criteria, this improved transparency and recognition could serve as a catalyst for a stronger institutional support.

Post Update, we slightly trim our FY26E core earnings by 3%, as we revised our revenue model to account for closure of one Komugi and Hap&Pi Kiosk in FY25. Furthermore, we have also elevated the number of Focus Point outlets to reflect management's target of c.10 new outlets per year between FY26E-FY28E.

Valuation. Correspondingly, we derived a new target price of RM0.66 (previously RM0.62), applying a target PE multiple of 10x to its FY26E EPS of 6.6 sen. This valuation is in line with the FBM Small Cap index's peak forward PE of 10x. Given the undemanding valuation alongside a compelling dividend yield of c.6-8%, we maintain our BUY recommendation.

Investment Case. We continue to like Focus Point due to its: i) Market leader with a 15 to 20% market share, ii) Tailwinds from Regulatory Changes - MDA (Medical Device Authority) banned the online sale of optical devices and contact lenses by non-licensed sellers. This regulatory shift is expected to benefit Focus Point, given its strong licensed presence and leading market position and iii) Diversified revenue with emerging F&B contribution and iv) resilient private consumption supported by higher disposable income, favorable market conditions, targeted assistance programs and vibrant tourism activities.

Risks to our recommendation include: (i) intense competition, ii) supply chain disruption, and iii) dependency on registered optometrist/opticians and iv) upside risk of inflationary pressure.



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