Focus Point Holdings Bhd

Main Market
Consumer Products & Services Sector
BUY (↔)
TP: RM 0.770 (↔)
Last Closing Price: RM 0.510

Record 1H Revenue, Dividend Surprise on the Upside

Focus Point's 6MFY26 delivered its highest-ever first-half revenue, extending its record-breaking momentum from 1QFY26, with results broadly in line with expectations. The growth was driven by strength in Optical segment, while the F&B segment's losses narrowed on lower operating expenses. We maintain our FY26E/FY27E earnings and TP of RM0.77, ascribing FY27E EPS of 7.7 sen to unchanged P/E Multiple of 10x, pending post-results briefing today. Maintain our BUY recommendation.

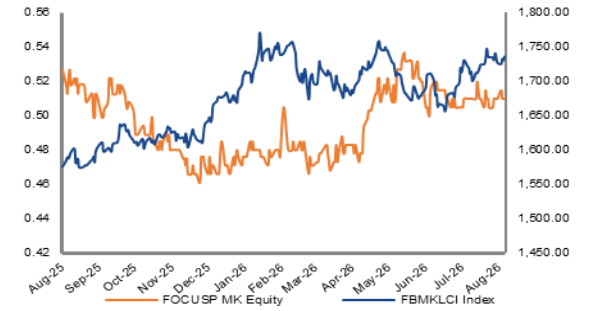
6MFY26 results met expectations, coming in at 45%/46% of ours/consensus full-year estimates. A second single-tier interim dividend of 0.75 sen per ordinary share was declared, bringing the cumulative dividends declared for 1HFY26 to be 2.25 sen (FY25: 1.31 sen), above our expectation, representing 68% of our full-year dividend per share estimate of 3.3 sen.

YoY, 6MFY26 Topline recorded its highest-ever first-half revenue, rising +5% YoY to RM153m, continuing its momentum after recorded its highest-ever 1Q revenue in the previous 3MFY26 result, mainly attributed to stronger sales in the Optical segment which grew +9% YoY, remaining as the highest revenue contributor at 87%. On a contrary, the F&B segment fell -14% YoY to RM19m. GP rose +7% YoY to RM104m, with the margin improved to 68% (6MFY25: 67%), in line with our assumption of 68%. The Group's total PBT surged +11% YoY to RM24m, with margin rose to 16% (6MFY26: 15%), due to LBT contribution from F&B segment declined by -67% YoY to LBT of RM500k, attributable to lower operating expenses. The Optical segment's PBT grew 6% to RM26m, further supporting the increase in total PBT. Correspondingly, bottomline grew +11% YoY to RM18m, in line with the growth in PBT, with the PAT margin increased to 12% (6MFY25: 11%), supported by slightly lower ETR of 25.5% (6MFY25: 26.1%).

QoQ, Topline declined by -2% QoQ to RM76m, with all revenue segments recording declines (Optical segment -2% QoQ to RM66m, F&B segment -2% QoQ to RM9m and Others segment -27% QoQ to RM655k). GP fell by -2% QoQ to RM52m, in line with the decline in revenue, while GP margin improved by 1ppt to 69% (1QFY26: 68%). Subsequently, PBT declined by -2% QoQ to RM12m, with PBT margin remaining steady at 16% (1QFY26: 16%). Correspondingly, bottomline fell by -2% QoQ, while PAT margin remained unchanged at 12% (1QFY26: 12%), despite a slightly lower ETR of 25.4% (1QFY26: 25.6%).

Outlook. Following a record-breaking FY25, Focus Point continues to sustain strong momentum, with the Optical segment delivering its highest-ever 1H revenue and profit, supported by resilient consumer spending and ongoing expansion of its local retail footprint. The Group is expected to drive optical growth through new outlet openings in strategic locations, investments in advanced primary eyecare equipment and vision care awareness roadshows. Meanwhile, the F&B segment remains a key turnaround opportunity, with 1HFY26 losses reduced by -67% YoY to RM0.5m despite a 14% decline in revenue, mainly on lower operating expenses. Looking ahead, management remains focused on improving operational efficiency and cost-effectiveness, expanding its product offerings and acquiring more corporate customers, which should support the F&B segment's eventual return to profitability. Overall, we remain positive on FOCUSP's earnings trajectory, underpinned by continued optical expansion and the gradual recovery of the F&B segment.

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.

Return Information	
KLCI (pts)	1,736.71
YTD KLCI chg.	3.4%
YTD Stock Price chg.	5.2%

Price Performance	1M	3M	12M
Absolute (%)	0.0%	0.4%	-2.3%
Relative to KLCI (%)	-0.8%	-0.7%	-11.6%

Stock Information	
Market Cap (RM m)	313.5
Issued Shares (m)	614.7
52-week High (RM)	0.56
52-week Low (RM)	0.48
Est. Free Float (%)	32%
Beta	0.7
3-month Avg Vol.	587,282
Shariah Compliant	Yes
Bloomberg Ticker	FOCUSP MK Equity

Top 3 Shareholders	%
Sustain Focus Sdn Bhd	28.5%
Datin Goh Poi Eong	12.9%
Dato Liaw Choon Liang	8.9%

FY Dec (RM m)	FY25A	FY26E	FY27E
Revenue	311.4	348.5	390.1
Gross Profit	204.1	235.8	265.3
EBITDA	102.3	107.5	116.7
EBIT	55.8	60.1	68.6
PBT	50.7	53.5	62.1
Net Profit	**36.8**	**40.7**	**47.2**
Core Net Profit	**36.8**	**40.7**	**47.2**
Consensus Net Profit	-	39.3	42.9
Earnings Revision (%)	-	-	-
Core EPS (sen)	6.0	6.6	7.7
Core EPS Growth (%)	11%	11%	16%
Net DPS (sen)	3.0	3.3	3.8
Net Div. Yield (%)	5.8%	6.5%	7.5%
BV Per Share (sen)	24.8	28.2	32.1
P/B (x)	2.1	1.8	1.6
P/E (x)	8.7	7.7	6.7
ROE (%)	24%	23%	24%

No change to earnings estimates. We maintain our estimates for FY26E/27E as results are within expectations.

Valuation and Recommendation. We maintain our TP of RM0.77 based on an unchanged target P/E Multiple of 10x, applied to its FY27E EPS of 7.7 sen. This valuation is in line with the FBM Small Cap Index's forward PE of 10x. Undemanding valuations and an exciting forward dividend yield of 6-7%, we maintain our **BUY** recommendation.

Investment Case. We continue to favour Focus Point on the back of: i) its position as the market leader with an estimated 15–20% market share, ii) favourable regulatory developments following the Medical Device Authority's (MDA) ban on online sales of optical devices and contact lenses by unlicensed sellers, which is expected to strengthen Focus Point's competitive positioning given its extensive licensed network, iii) a more diversified earnings base supported by the growing contribution from its F&B segment, and iv) resilient consumer spending underpinned by improving disposable income, supportive market conditions, targeted assistance measures and sustained tourism activity.

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.

Results Highlights

Y/E: Dec (RM m)	Q2 FY26	Q1 FY26	QoQ Chg	Q2 FY25	YoY Chg	6M26	6M25	YoY Chg
Key financial highlights								
Revenue	**75.5**	**77.3**	***-2.2%***	**72.8**	***3.8%***	**152.8**	**72.9**	***4.9%***
Gross Profit	51.8	52.6	*-1.5%*	49.3	*5.0%*	104.4	48.5	*6.7%*
OPEX	(26.3)	(27.0)	*-2.9%*	(25.4)	*3.5%*	(53.3)	(25.4)	*5.0%*
EBITDA	25.7	25.7	*0.0%*	24.2	*6.3%*	51.4	23.3	*8.3%*
EBIT	13.6	13.8	*-2.0%*	12.7	*6.5%*	27.4	11.8	*11.5%*
PBT/(LBT)	**12.1**	**12.4**	***-2.3%***	**11.5**	***5.2%***	**24.4**	**10.6**	***10.5%***
Taxation	(3.1)	(3.2)	*-3.0%*	(3.0)	*1.3%*	(6.2)	(2.7)	*8.2%*
Net Profit	9.0	9.2	*-2.1%*	8.4	*6.6%*	18.2	7.9	*11.3%*
PATAMI	**9.0**	**9.2**	***-2.1%***	**8.4**	***6.6%***	**18.2**	**7.9**	***11.3%***
Core EPS (sen)	1.5	1.5	*-2.0%*	1.4	*6.8%*	3.0	1.7	*-4.0%*
Net DPS (sen)	0.0	0.8	*-100.0%*	0.0		0.8	1.8	
Margins (%)								
Gross Profit	68.6%	68.1%		67.8%		68.3%	67.2%	
Opex	-34.8%	-35.0%		-34.9%		-34.9%	-34.8%	
EBITDA	34.0%	33.3%		33.2%		33.6%	32.6%	
EBIT	18.0%	17.9%		17.5%		17.9%	16.9%	
PBT	16.0%	16.0%		15.8%		16.0%	15.2%	
PAT	11.9%	11.9%		11.6%		11.9%	11.2%	
ETR	-25.4%	-25.6%		-26.4%		-25.5%	-26.1%	
Revenue Breakdown (RM'm)								
Optical related	65.5	66.8	*-1.9%*	60.6	*8.1%*	132.3	121.7	*8.8%*
Food and beverages	9.4	9.6	*-2.2%*	11.1	*-15.8%*	18.9	22.0	*-13.9%*
Franchise management	0.0	0.0		0.0	*N.A*	0.0	0.0	*N.A*
Others	0.7	0.9	*-27.0%*	1.1	*-38.1%*	0.0	0.0	*-40.4%*
Total	**75.5**	**77.3**	***-2.2%***	**72.8**	***3.8%***	**1.0**	**1.0**	***0.0%***

Source: Company, Bursa Malaysia, Mercury Securities

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