

22 August 2025

Press Metal Aluminium

Earnings Steady on Volume Growth

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PMETAL posted satisfactory 1HFY25 results with core profit of RM949.7m (+2% YoY), in line with expectations. Earnings were supported by firmer aluminium prices and normalising input costs in 2QFY25. Looking ahead, we expect ASP to remain firm, underpinned by favourable supply-demand dynamics, sustaining **PMETAL's** earnings momentum. We maintain our estimates, **OUTPERFORM** rating, and TP of RM6.10.

1HFY25 results met expectations, with core profit of RM949.7m making up 47%/49% of house/street's full-year FY25 estimates. It declared a 2nd interim NDPS of 2.0 sen (ex-date 10 Sep; payment date 29 Sep), bringing 1HFY25 NDPS to 4.0 sen, which is higher than the 3.5 sen paid in 1HFY24.

QoQ, higher sales volume lifted earnings. 2QFY25 core profit rose 12% QoQ to RM501.7m on the back of a 7% revenue increase, driven by a 12% rise in sales volume. This offset lower realised ASP (spot price: -7%) after the US imposed higher tariffs, which raised concerns of weaker demand in key markets. Notably, ASP recovered towards end-June on concerns of potential supply disruptions from the Middle East conflict. Meanwhile, associate income fell 43% to RM96.6m following a 31% drop in alumina spot prices.

YoY, stronger ASP and volume boosted 1HFY25 core profit by 2% to RM949.7m (from RM931.5m), while revenue increased 7% to RM8.09b (from RM7.57b), lifted by higher realised ASP (spot price +8%) and stronger sales volume. Associate income grew 34% to RM266.2m, driven by a 9% YoY rise in alumina spot prices.

Outlook. The impact of US tariffs on **PMETAL** is minimal as its direct sales to the US were only 1.2% of FY24 revenue. However, the tariff could raise costs for downstream consumers. That said, aluminium ASP is expected to rebalance in line with global supply-demand dynamics. Looking ahead, aluminium demand in China is projected to moderate in 2025, but a concurrent slowdown in new production capacity should keep global supply tight and support firmer prices. **PMETAL** has hedged 60% of its aluminium output at above USD2,600/MT for 2025, 40-50% at USD2,600/MT for 2026, and 35-40% at above USD2,700/MT for 2027.

Forecasts. Maintained.

Valuations. Our TP is based on a WACC of 7.5% and TG of 2%, and reflects a 5% premium by virtue of its 4-star ESG rating as appraised by us (see Page 4).

Investment case. We continue to like **PMETAL** for its: (i) structural cost advantage over international peers given its access to low-cost hydropower secured under four long-term PPA contracts ending between 2034 and 2040, (ii) strong secured alumina supply with stakes in two alumina smelters, i.e., Japan Alumina Associate (40%), Nanshan Aluminium (21.75%), and the newly acquired PT Kalimantan Alumina Nusantara (KAN, 80% stake) supplying 40% of its requirements currently, which increase to 75% when KAN is ready in 2027, and (iii) green investment appeal as a clean energy source producer. **OUTPERFORM** rating maintained.

Risks to our call include: (i) a global recession resulting in a sharp fall in the demand for aluminium, hurting prices, (ii) escalation in the cost of key inputs such as alumina and carbon anode, and (iii) major plant disruptions or plant closures.

OUTPERFORM ↔

Price: **RM5.52**
Target Price: **RM6.10** ↔

Share Price Performance



KLCI 1,592.87
YTD KLCI chg -3.0%
YTD stock price chg 12.7%

Stock Information

Shariah Compliant Yes
Bloomberg Ticker PMAH MK Equity
Market Cap (RM m) 45,482.7
Shares Outstanding 8,239.6
52-week range (H) 5.64
52-week range (L) 4.14
3-mth avg. daily vol. 4,314,229
Free Float 42%
Beta 1.2

Major Shareholders

Alpha Milestone Sdn Bhd 33.7%
Koon Poh Ming 6.8%
Koon Poh Weng 6.1%

Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Turnover	14910	16185	16713
EBIT	1989	2371	2825
PBT	2301	2706	3106
Net Profit (NP)	1761	2006	2301
Core Net Profit	1853	2006	2301
Consensus (NP)		1940	2134
Earnings Revision (%)		-	-
Core EPS (sen)	22.5	24.3	27.9
Core EPS Growth (%)	47.7	8.2	14.7
NDPS (sen)	7.0	9.7	11.2
BV/Share (RM)	1.03	1.18	1.35
NTA/Share (RM)	1.02	1.17	1.34
PER (x)	21.4	22.7	19.8
PBV (x)	4.66	4.68	4.10
P/NTA (x)	4.70	4.72	4.13
Net Gearing (x)	0.28	0.09	-0.09
Net Dividend Yield (%)	1.5	1.8	2.0

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Income Statement								
FYE Dec (RM m)	2Q FY25	1Q FY25	Q-o-Q Chg	2Q FY24	Y-o-Y Chg	1H FY25	1H FY24	Y-o-Y Chg
Turnover	4,188.9	3,897.2	7%	3,954.9	6%	8,086.2	7,571.6	7%
EBITDA	791.3	658.8	20%	809.6	-2%	1,450.1	1,507.7	-4%
Depreciation	-191.8	-174.7	10%	-184.4	4%	-366.5	-369.8	-1%
EBIT	599.5	484.1	24%	625.2	-4%	1,083.6	1,137.9	-5%
Interest expense	-55.8	-49.7	12%	-55.8	0%	-105.5	-115.6	-9%
Associates	96.6	169.6	-43%	112.3	-14%	266.2	199.3	34%
Exceptional items	-18.1	13.8	-231%	-5.5	230%	-4.3	-17.6	-76%
Pretax profit	647.5	629.4	3%	693.8	-7%	1,276.9	1,234.8	3%
Taxation	-70.9	-81.9	-14%	-45.2	57%	-152.8	-90.5	69%
Profit after tax	576.6	547.4	5%	648.6	-11%	1,124.0	1,144.2	-2%
Minority interest	-93.0	-85.7	9%	-142.8	-35%	-178.7	-230.4	-22%
Net profit	483.6	461.8	5%	505.8	-4%	945.3	913.9	3%
Core net profit	501.7	448.0	12%	511.3	-2%	949.7	931.5	2%
EPS (sen)	6.1	5.4	12%	6.2	-2%	11.5	11.3	2%
NDPS (sen)	2.00	2.00	0%	1.75	14%	4.00	3.50	14%
NTA/share (RM)	1.14	1.06	8%	0.86	32%	1.14	0.86	32%
EBITDA margin	18.9%	16.9%		20.5%		17.9%	19.9%	
EBIT margin	14.3%	12.4%		15.8%		13.4%	15.0%	
Pretax margin	15.5%	16.1%		17.5%		15.8%	16.3%	
Core net margin	12.0%	11.5%		12.9%		11.7%	12.3%	
Effective tax rate	10.9%	13.0%		6.5%		12.0%	7.3%	
Spot Price								
Aluminium (USD/MT)	2,454	2,626	-7%	2,525	-3%	2,540	2,363	8%
Alumina (USD/MT)	355	518	-31%	434	-18%	437	401	9%
Carbon Anode (CNY/MT)	5,600	5,382	4%	4,485	25%	5,491	4,557	21%

Source: Company/Bloomberg

Segment Breakdown								
FYE Dec (RM m)	2Q FY25	1Q FY25	Q-o-Q Chg	2Q FY24	Y-o-Y Chg	1H FY25	1H FY24	Y-o-Y Chg
Turnover								
Smelting	3,502.7	3,223.0	9%	3,367.1	4%	6,725.7	6,451.6	4%
Extrusion	596.7	529.4	13%	478.4	25%	1,126.2	930.6	21%
Refinery	79.0	100.5	-21%	94.1	-16%	179.6	163.5	10%
Contracting & Others	10.4	44.3	-76%	15.3	-32%	54.8	26.0	111%
Group Turnover	4,188.9	3,897.2	7%	3,954.9	6%	8,086.2	7,571.6	7%
Segment Results								
Smelting	540.5	442.1	22%	636.5	-15%	982.7	1,128.0	-13%
Extrusion	34.0	22.9	48%	7.4	358%	56.8	23.8	138%
Refinery	1.8	47.0	-96%	11.4	-84%	48.8	15.2	220%
Contracting & Others	8.1	-14.1	N/A	-35.6	N/A	-6.0	-46.8	-87%
Group EBIT	584.4	497.9	17%	619.7	-6%	1,082.3	1,120.3	-3%
EBIT Margin								
Smelting	15.4%	13.7%		19%		15%	17%	
Extrusion	5.7%	4.3%		2%		5%	3%	
Refinery	2%	47%		12%		27%	9%	
Contracting & Others	N/A	N/A		N/A		N/A	N/A	
Group EBIT	14%	13%		16%		13%	15%	

Source: Company

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
ENGTEX GROUP BHD	OP	0.560	0.620	10.7%	444.1	Y	12/2025	(1.1)	3.9	-216.7%	242.9%	N.A.	14.3	0.4	-0.7%	0.8	1.3%
PRESS METAL ALUMINUM HOLDINGS BHD	OP	5.52	6.10	10.5%	45,482.7	Y	12/2025	24.3	27.9	8.2%	14.7%	22.7	19.8	4.7	22.0%	9.7	1.3%
UNITED U-LI CORPORATION BHD	OP	1.45	1.83	26.2%	315.8	Y	12/2025	18.7	22.9	13.3%	22.3%	7.7	6.3	0.8	10.3%	8.0	5.5%
SECTOR AGGREGATE					46,242.6					7.7%	16.3%	22.7	19.5	4.2	18.5%		2.7%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★	★	
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★	★	
SPECIFIC	Product Quality & Safety	★	★	★	★	
	Supply Chain Management	★	★	★	★	
	Energy Efficiency	★	★	★	★	★
	Effluent/Water Management	★	★	★		
	Waste Management	★	★	★	★	
	Legal & Regulatory Compliance	★	★	★		
OVERALL		★	★	★	★	

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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