Press Metal Aluminium

A Record Year

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MARKET PERFORM ↔

Price:	**RM7.60**
Target Price:	**RM7.30** ↑

PMETAL delivered a solid FY25 performance, with core profit rising 15% YoY to a record RM2.14b, in line with expectations. The results were driven by a favourable spread between rising selling prices and persistently low input costs. However, with aluminium prices likely nearing their peak and a strengthening MYR potentially capping further earnings growth, we maintain our MARKET PERFORM rating with a revised TP of RM7.30 from RM6.20 as we revisit a sustainable long-term average aluminium price assumption. We have raised the benchmark to USD2,400/MT (from USD2,200/MT), which aligns with the post-pandemic average of USD2,350/MT observed since 2020.

FY25 results in line. PMETAL's FY25 core profit of RM2.14b came in 2%/1% above house/street's FY25 estimates. A 4th interim NDPS of 2.0 sen (ex-date: 11 Mar; payment date: 30 Mar) was declared in 4QFY25, bringing FY25 NDPS to 8.0 sen which is higher than the 7.0 sen paid in FY24.

Lower input costs lifted QoQ earnings. Despite a 1% QoQ dip in revenue, due to a strengthening MYR offsetting a stronger realised aluminium selling price (spot price: +8%), 4QFY25 core profit rose 8% QoQ to RM615.1m. The higher earnings were largely driven by lower alumina input costs, with spot prices falling 12%. Conversely, associate income continued to soften (-18%) due to lower realized alumina pricing.

Higher ASP boosted YoY profits. FY25 was a record year with core profit rising 15% to RM2.14b. This was supported by a 9% increase in revenue, fuelled by higher realised aluminium selling prices (+9% in spot price). Profitability was further enhanced by a significant drop in input alumina costs (-23% in spot price). Consequently, the realised alumina-to-aluminium price ratio improved to 14% (from 18% in FY24), lifting EBITDA margins to 20.9% (from 18.3%). Lower alumina prices, however, led to a 23% decline in associate income.

Outlook. The strong aluminium price in 4QFY25 (USD2,828/MT, +8% QoQ) reflected tight supply, rising energy costs, and clearer tariff visibility. While prices have since breached the USD3,000/MT mark, we expect ASPs to normalize in line with global supply-demand dynamics. PMETAL has hedged 65% of its 2026 output at USD2,750/MT-USD2,800/MT and 50% of 2027 output at USD2,850/MT-USD2,900/MT. We believe that current aluminium prices of above USD3,000/MT may be near-peak levels.

Forecasts. We fine-tune FY26 earnings up by 5%, updating assumptions for: (i) MYR/USD of 3.95 (from 4.08), and (ii) lower alumina-to-aluminium cost ratio of 13% (from 15%) but maintain aluminium prices assumption of USD2,750/MT. We also introduce new FY27 forecasts where we expect earnings to grow at 18%, based on aluminium price assumption of USD2,850/MT, MYR/USD of 4.00 and alumina-to-aluminium cost ratio of 13%. NDPS projections are based on a 40% payout ratio.

Valuations. Accordingly, our TP is lifted to RM7.30 (from RM6.20), based on updated WACC of 7.3% (from 7.5%) and unchanged TG of 2% with long term aluminium price assumption of USD2,400/MT (from USD2,200/MMT) and reflects a 5% premium by virtue of its 4-star ESG rating as appraised by us (see Page 4). For sensitivity analysis, every RM50/MT increase in the aluminium price for FY26-FY27 and long-term assumptions would raise FY26 earnings by 5.5% and TP by 3.9% to RM7.58.

Share Price Performance

KLCI	1,740.94
YTD KLCI chg	3.6%
YTD stock price chg	6.7%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	PMAH MK Equity
Market Cap (RM m)	62,621.1
Shares Outstanding	8,239.6
52-week range (H)	7.83
52-week range (L)	4.14
3-mth avg. daily vol.	16,710,040
Free Float	42%
Beta	1.1

Major Shareholders

Alpha Milestone Sdn Bhd	33.7%
Employees Provident Fund	8.1%
Koon Poh Ming	5.9%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	16200	16429	17027
EBIT	2602	3119	3781
PBT	2864	3283	4065
Net Profit (NP)	**2101**	**2435**	**2872**
Core Net Profit	**2136**	**2435**	**2872**
Consensus (NP)	-	2464	2709
Earnings Revision (%)	-	+4.7	NEW
Core EPS (sen)	25.9	29.5	34.9
Core EPS Growth (%)	15.2	14.0	18.0
NDPS (sen)	8.0	11.8	13.9
BV/Share (RM)	1.18	1.36	1.57
NTA/Share (RM)	1.18	1.35	1.56
PER (x)	27.5	25.7	21.8
PBV (x)	6.42	5.58	4.84
P/NTA (x)	6.46	5.61	4.86
Net Gearing (x)	0.09	-0.11	-0.27
Net Dividend Yield (%))	1.1	1.6	1.8

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 will increase to 75% when KAN is ready in 2027, and (iii) green investment appeal as a clean energy source producer. However, we believe all positives are already priced in. Maintain MARKET PERFORM**.**

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.

Income Statement

FYE Dec (RM m)	4Q FY25	3Q FY25	Q-o-Q Chg	4Q FY24	Y-o-Y Chg	12M FY25	12M FY24	Y-o-Y Chg
Turnover	4,037.1	4,076.4	-1%	3,560.0	13%	16,199.7	14,909.6	9%
EBITDA	982.7	946.7	4%	580.3	69%	3,379.5	2,728.3	24%
Depreciation	-205.7	-205.4	0%	-190.3	8%	-777.6	-739.4	5%
EBIT	776.9	741.3	5%	390.0	99%	2,601.8	1,988.9	31%
Interest expense	-47.7	-53.6	-11%	-49.4	-3%	-206.8	-218.2	-5%
Associates	73.6	89.4	-18%	190.9	-61%	429.2	559.2	-23%
Exceptional items	-22.9	-7.5	205%	-0.8	2685%	-34.8	-91.9	-62%
Pretax profit	796.4	791.2	1%	542.5	47%	2,864.4	2,301.2	24%
Taxation	-100.1	-104.4	-4%	-42.1	138%	-357.2	-180.8	98%
Profit after tax	696.3	686.8	1%	500.4	39%	2,507.2	2,120.4	18%
Minority interest	-104.2	-123.5	-16%	-55.1	89%	-406.4	-358.9	13%
Net profit	592.1	563.3	5%	445.3	33%	2,100.8	1,761.4	19%
Core net profit	615.1	570.8	8%	446.1	38%	2,135.6	1,853.4	15%
EPS (sen)	7.5	6.9	8%	5.4	38%	25.9	22.5	15%
NDPS (sen)	2.00	2.00	0%	1.75	14%	8.00	7.00	14%
NTA/share (RM)	1.13	1.15	-2%	1.02	10%	1.13	1.02	10%
EBITDA margin	24.3%	23.2%		16.3%		20.9%	18.3%	
EBIT margin	19.2%	18.2%		11.0%		16.1%	13.3%	
Pretax margin	19.7%	19.4%		15.2%		17.7%	15.4%	
Core net margin	15.2%	14.0%		12.5%		13.2%	12.4%	
Effective tax rate	12.6%	13.2%		7.8%		12.5%	7.9%	
Spot Price								
Aluminium (USD/MT)	2,828	2,620	8%	2,574	10%	2,632	2,420	9%
Alumina (USD/MT)	315	358	-12%	691	-54%	387	499	-23%
Carbon Anode (CNY/MT)	5,800	5,350	8%	4,278	36%	5,538	4,456	24%

Source: Company/Bloomberg

Segment Breakdown

FYE Dec (RM m)	4Q FY25	3Q FY25	Q-o-Q Chg	4Q FY24	Y-o-Y Chg	12M FY25	12M FY24	Y-o-Y Chg
Turnover								
Smelting	3,342.3	3,351.5	0%	2,798.7	19%	13,419.5	12,388.5	8%
Extrusion	590.7	606.1	-3%	568.0	4%	2,322.9	2,007.7	16%
Refinery	107.6	97.1	11%	147.1	-27%	384.3	410.4	-6%
Contracting & Others	-3.6	21.7	-116%	46.2	-108%	72.9	102.9	-29%
Group Turnover	**4,037.1**	**4,076.4**	**-1%**	**3,560.0**	**13%**	**16,199.7**	**14,909.6**	**9%**
Segment Results								
Smelting	716.8	700.6	2%	334.7	114%	2,400.1	1,840.7	30%
Extrusion	-14.5	20.6	-170%	13.3	-209%	62.9	44.3	42%
Refinery	8.3	4.6	82%	54.0	-85%	61.7	91.5	-33%
Contracting & Others	43.4	8.0	445%	-12.9	N/A	45.3	-79.5	N/A
Group EBIT	**754.0**	**733.7**	**3%**	**389.1**	**94%**	**2,570.0**	**1,897.0**	**35%**
EBIT Margin								
Smelting	21.4%	20.9%		12%		18%	15%	
Extrusion	-2.5%	3.4%		2%		3%	2%	
Refinery	8%	5%		37%		16%	22%	
Contracting & Others	-1220%	37%		-28%		62%	-77%	
Group EBIT	**19%**	**18%**		**11%**		**16%**	**13%**	

Source: Company

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	0.540	0.650	20.4%	451.7	Y	12/2026	1.2	4.7	25.9%	276.5%	43.7	11.6	0.3	0.8%	0.0	0.0%
PRESS METAL ALUMINUM HOLDINGS BHD	MP	7.60	7.30	-3.9%	62,621.1	Y	12/2026	29.5	34.9	14.0%	18.0%	25.7	21.8	5.6	23.2%	11.8	1.1%
UNITED U-LI CORPORATION BHD	OP	1.51	1.83	21.2%	328.9	Y	12/2026	18.7	22.9	13.3%	22.3%	8.1	6.6	0.8	10.3%	8.0	5.3%
SECTOR AGGREGATE					**63,401.7**					**14.0%**	**18.7%**	**25.5**	**21.5**	**5.1**	**19.8%**		**2.1%**

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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