

29 May 2026

Press Metal Aluminium

1QFY26 Above; ASP to Remain Strong

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PMETAL delivered a superb 1QFY26 results with core profit rising 33% YoY to RM597.5m, beating expectations on an ongoing ASP rally that will drive future earnings even higher. With the Middle East supply shock (9% of global output) expected to take 6–12 months to resolve, aluminium prices should remain elevated. Consequently, we upgrade our FY26/FY27 forecasts by 26%/21% as we raise our price assumptions by USD250/MT. Incorporating a higher long-term price assumption of USD2,700/MT, our TP is raised to RM8.80. We maintain our MARKET PERFORM rating as further upside may be capped by rising Chinese output and weak domestic consumption.

1QFY26 results above expectations. PMETAL's 1QFY26 core profit of RM597.4m accounted for 24%/23% of house/consensus FY26 estimates, respectively. While tracking closely as a percentage of full-year forecasts, we deem these results above expectations as subsequent quarters are poised to strengthen significantly. This is driven by QTD 2QFY26 spot aluminium prices averaging USD3,600/MT, compared to USD3,198/MT in 1QFY26. A first interim NDPS of 2.5 sen was declared (ex-date: 29 Jun; payment date: 24 Jul), higher than the 2.0 sen paid in both 4QFY25 and 1QFY25.

QoQ. Despite a 2% top-line improvement driven by higher realised metal prices, 1QFY26 core profit fell 3% QoQ to RM597.5m. We believe smelting core profit remained stable at 4QFY25 levels, buffered by elevated alumina input costs with a realised alumina-to-aluminium ratio of 13% (vs. the 1QFY26 spot ratio of 9.6%). However, group earnings were weighed down by a 49% QoQ plunge in associate income, tracking weaker alumina prices. In 1QFY26, the spot aluminium price averaged USD3,198/MT (+13% QoQ) while spot alumina dipped to USD306/MT (-3% QoQ).

YoY. 1QFY26 core profit jumped 33% from RM448.0m, supported by a 5% revenue increase. Performance was propelled by higher realised ASPs (+22% in spot price) and lower realised alumina input costs (-41% in spot price). Reflecting this trend, the spot alumina-to-aluminium ratio fell to 9.6% in 1QFY26 from 19.7% in 1QFY25, expanding the group's EBIT margin to 21% (vs. 13% previously). Conversely, weak alumina prices caused associate income to plunge 78% YoY to RM37.4m (from RM169.6m).

Outlook. Near-term ASPs are expected to stay elevated due to a prolonged supply shock in the Middle East, where damaged refineries are estimated to take 6-12 months to repair. YTD spot aluminium prices averaged USD3,352/MT, with current spot prices hovering above USD3,700/MT. Meanwhile, PMETAL's hedging locks in a strong baseline: 65% of 2026 output at USD2,800/MT, 50%–60% of 2027 output at USD2,900/MT, and 30% of 2028 output at USD2,850/MT. Robust spot prices paired with these solid hedges point to strong upcoming quarters.

Forecasts. We raise our aluminium price assumptions for FY26 and FY27 to USD3,000/MT and USD3,100/MT from USD2,750/MT and USD2,850/MT, respectively. Keeping our 13% realised alumina-to-aluminium cost ratio assumption unchanged, we upgrade our FY26 and FY27 earnings forecasts by 26% and 21%, respectively. NDPS projections are raised proportionally, anchored to an unchanged 40% payout ratio.

Valuations. Accordingly, our TP is lifted to RM8.80 (from RM7.30), based on unchanged WACC of 7.3% and unchanged TG of 2% with long term aluminium price assumption of USD2,700/MT (from

MARKET PERFORM ↔

Price: RM9.00
Target Price: RM8.80 ↑

Share Price Performance



KLCI	1,684.93
YTD KLCI chg	0.3%
YTD stock price chg	26.4%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	PMAH MK
Market Cap (RM m)	74,156.6
Shares Outstanding	8,239.6
52-week range (H)	9.10
52-week range (L)	4.88
3-mth avg. daily vol.	12,453,880
Free Float	42%
Beta	1.2

Major Shareholders

Alpha Milestone Sdn Bhd	33.7%
Employees Provident Fund	9.0%
Kumpulan Wang Persaraan Diperbadankan	5.9%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	16200	17628	18239
EBIT	2602	3821	4460
PBT	2864	4153	4912
Net Profit (NP)	2101	3078	3468
Core Net Profit	2136	3078	3468
Consensus (NP)	-	2575	2821
Earnings Revision (%)	-	+26.4	+20.8
Core EPS (sen)	25.9	37.4	42.1
Core EPS Growth (%)	15.2	44.1	12.7
NDPS (sen)	8.0	14.9	16.8
BV/Share (RM)	1.14	1.36	1.61
NTA/Share (RM)	1.13	1.35	1.61
PER (x)	27.5	24.1	21.4
PBV (x)	6.26	6.61	5.58
P/NTA (x)	6.31	6.65	5.60
Net Gearing (x)	0.16	N.Cash	N. Cash
Net Dividend Yield (%)	1.1	1.7	1.9

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USD2,400/MMT) against current end-2029 forward price of >USD3,100/MT, 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 4.4% and TP by 3.4% or RM0.30 to RM0.10.

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)	1Q FY26	4Q FY25	Q-o-Q Chg	1Q FY25	Y-o-Y Chg	3M FY26	3M FY25	Y-o-Y Chg
Turnover	4,098.4	4,037.1	2%	3,897.2	5%	4,098.4	3,897.2	5%
EBITDA	1,036.3	982.7	5%	658.8	57%	1,036.3	658.8	57%
Depreciation	-198.7	-205.7	-3%	-174.7	14%	-198.7	-174.7	14%
EBIT	837.6	776.9	8%	484.1	73%	837.6	484.1	73%
Interest expense	-45.2	-47.7	-5%	-49.7	-9%	-45.2	-49.7	-9%
Associates	37.4	73.6	-49%	169.6	-78%	37.4	169.6	-78%
Exceptional items	27.0	-22.9	N/A	13.8	96%	27.0	13.8	96%
Pretax profit	872.5	796.4	10%	629.4	39%	872.5	629.4	39%
Taxation	-98.3	-100.1	-2%	-81.9	20%	-98.3	-81.9	20%
Profit after tax	774.2	696.3	11%	547.4	41%	774.2	547.4	41%
Minority interest	-149.7	-104.2	44%	-85.7	75%	-149.7	-85.7	75%
Net profit	624.5	592.1	5%	461.8	35%	624.5	461.8	35%
Core net profit	597.5	615.1	-3%	448.0	33%	597.5	448.0	33%
EPS (sen)	7.3	7.5	-3%	5.4	33%	7.3	5.4	33%
NDPS (sen)	2.50	2.00	25%	2.00	25%	2.50	2.00	25%
NTA/share (RM)	1.40	1.13	24%	1.06	32%	1.40	1.06	32%
EBITDA margin	25.3%	24.3%		16.9%		25.3%	16.9%	
EBIT margin	20.4%	19.2%		12.4%		20.4%	12.4%	
Pretax margin	21.3%	19.7%		16.1%		21.3%	16.1%	
Core net margin	14.6%	15.2%		11.5%		14.6%	11.5%	
Effective tax rate	11.3%	12.6%		13.0%		11.3%	13.0%	
Spot Price								
Aluminium (USD/MT)	3,198	2,828	13%	2,626	22%	3,198	2,626	22%
Alumina (USD/MT)	306	315	-3%	518	-41%	306	518	-41%
Carbon Anode (CNY/MT)	5,887	5,800	1%	5,382	9%	5,887	5,382	9%

Source: Company/Bloomberg

Segment Breakdown								
FYE Dec (RM m)	1Q FY26	4Q FY25	Q-o-Q Chg	1Q FY25	Y-o-Y Chg	3M FY26	3M FY25	Y-o-Y Chg
Turnover								
Smelting	3,492.2	3,342.3	4%	3,223.0	8%	3,492.2	3,223.0	8%
Extrusion	526.7	590.7	-11%	529.4	-1%	526.7	529.4	-1%
Refinery	67.9	107.6	-37%	100.5	-32%	67.9	100.5	-32%
Contracting & Others	11.6	-3.6	N/A	44.3	-74%	11.6	44.3	-74%
Group Turnover	4,098.4	4,037.1	2%	3,897.2	5%	4,098.4	3,897.2	5%
Segment Results								
Smelting	873.2	716.8	22%	442.1	97%	873.2	442.1	97%
Extrusion	10.2	-14.5	N/A	22.9	-56%	10.2	22.9	-56%
Refinery	-3.8	8.3	-145%	47.0	-108%	-3.8	47.0	-108%
Contracting & Others	-14.9	43.4	-134%	-14.1	6%	-14.9	-14.1	6%
Group EBIT	864.7	754.0	15%	497.9	74%	864.7	497.9	74%
EBIT Margin								
Smelting	25.0%	21.4%		14%		25%	14%	
Extrusion	1.9%	-2.5%		4%		2%	4%	
Refinery	-6%	8%		47%		-6%	47%	
Contracting & Others	-129%	-1220%		-32%		-129%	-32%	
Group EBIT	21%	19%		13%		21%	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.				
Stocks Under Coverage																	
ENGTEX GROUP BHD	OP	0.460	0.510	10.9%	387.3	Y	12/2026	4.4	5.5	79.2%	23.3%	10.3	8.4	0.5	4.7%	8.0	17.4%
PRESS METAL ALUMINUM HOLDINGS BHD	MP	9.00	8.80	-2.2%	74,156.6	Y	12/2026	37.4	42.1	44.1%	12.7%	24.1	21.4	6.6	29.9%	14.9	0.9%
UNITED U-LI CORPORATION BHD	OP	1.41	1.83	29.8%	307.1	Y	12/2026	18.7	22.9	13.3%	22.3%	7.5	6.2	0.7	10.3%	8.0	5.7%
SECTOR AGGREGATE					74,851.0					44.0%	12.9%	23.7	21.0	6.0	25.2%		8.0%

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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