Press Metal Aluminium Holdings (PMAH MK)

3Q26: Above Expectations; Aluminum Prices Normalising From Recent Highs

Highlights

- PMETAL's results were above expectations, backed by strong aluminium prices and improving mix of VAP sales. 3Q26 saw alumina prices normalising to USD345/tonne (+13% qoq), underpinned by gradual resumption of Middle Eastern smelters' capacity and rising global supply.
- The group declared a third interim dividend of 2.5 sen. We raise 2026 earnings by 6% and cut our 2027/28 earnings forecasts by 14%/16% respectively, mainly to reflect lower aluminium price and regional premium assumptions.
- Maintain BUY with a lower target price of RM9.13, pegged to a 27.0x 2027F PE (10-year mean).

3Q26 Results

Year to 31 Dec (RMm)	3Q26	qoq%	yoy%	9M26	yoy%
Revenue	**5,126.1**	**9.3**	**25.7**	**13,912.5**	**14.4**
EBITDA	1,180.0	(13.5)	25.6	3,608.1	51.1
EBIT	980.6	(15.8)	33.6	3,009.2	65.7
PBT	981.6	(15.3)	24.1	3,012.4	45.7
Net profit	855.0	6.7	51.8	2,280.5	51.2
Core net profit	**930.2**	**25.6**	**63.0**	2,268.0	49.2
		+/- ppt	+/- ppt		+/- ppt
EBIT Margin (%)	19.1	(5.7)	1.1	21.6	6.7
PBT Margin (%)	19.1	(5.6)	(0.3)	21.7	4.6
Core Net Margin (%)	18.1	2.35	4.14	16.3	3.8

Source: PMETAL, UOB Kay Hian

Analysis

- **Above expectations.** Press Metal Aluminium Holdings (PMETAL) reported 3Q26 core net profit of RM930.2m (+26% qoq, +63% yoy). This excluded a RM550m impairment loss and RM464m remeasurement gain from its PMB Tech acquisition during the quarter. 9M26 core net profit came in at RM2,268m (+49% yoy), which also excluded a RM115m gain from its Nanshan Aluminium divestment in 2Q26. This accounts for 84%/86% of our and consensus full-year estimates respectively, deemed above expectations.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	14,909.6	16,199.7	16,668.0	17,064.2	18,154.8
EBITDA	2,784.3	3,345.5	4,434.2	3,913.8	4,311.2
Operating profit	2,044.9	2,570.0	3,865.1	3,305.4	3,666.2
Net profit (rep./act.)	1,761.4	2,135.6	2,874.1	2,772.2	2,979.5
Net profit (adj.)	1853.2	2100.8	2,874.1	2,772.2	2,979.5
EPS	22.6	25.6	35.1	33.8	36.4
PE (x)	28.3	25.0	18.3	18.9	17.6
P/B (x)	6.2	5.6	4.6	3.9	3.4
EV/EBITDA (x)	20.4	16.8	12.7	14.2	12.8
Dividend yield (%)	1.1	1.3	1.6	1.6	1.7
Net margin (%)	11.8	13.2	17.2	16.2	16.4
Net debt/(cash) to equity (%)	27.8	16.0	9.4	(0.2)	(8.5)
Interest cover (x)	13.2	25.4	22.4	23.2	30.8
ROE (%)	23.2	26.7	27.7	22.4	20.7
Consensus net profit	n.a	n.a	2,650.0	2,910.0	3,060.0
UOBKH/Consensus (x)	n.a	n.a	1.1	1.0	1.0

Source: PMETAL, Bloomberg, UOB Kay Hian

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BUY (Maintained)	
Share Price	RM6.40
Target Price	RM9.13
Upside	42.7%
Previous TP	RM10.67

Stock Data

Sector	Materials
Bloomberg ticker	PMAH MK
Shares issued (m)	8,239.6
Market cap (RMm)	52,733.6
Market cap (US$m)	12,810.9
3-mth avg daily t'over (US$m)	15.7

Price Performance (%)

52-week high/low				RM9.38/RM6.08
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(5.2)	(19.5)	(28.9)	(1.5)	(10.1)

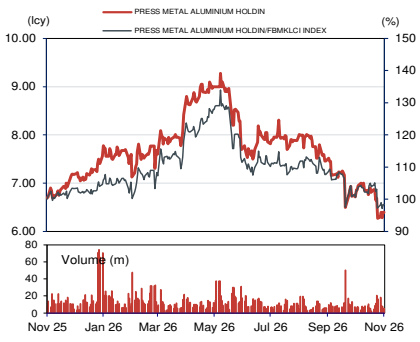
Major Shareholders (%)

Employees Provident Fund	24.0
Khazanah Nasional Bhd	20.1
Kumpulan Wang Persaraan	10.2

Balance Sheet Metrics

FY26F NAV/Share (RM)	1.4
FY26F Net Cash/Share (RM)	0.1

Price Chart



Source: Bloomberg

Company Description

Principally involved in the manufacture and trading of primary aluminium and other aluminium-based products.

- **A strong quarter.** 3Q26 yoy earnings growth was largely driven by higher aluminium prices (LME aluminium prices: US$3,228/tonne in 3Q26 vs US$2,620/tonne in 3Q25) while qoq growth was underpinned by the improving mix of value-added products (VAP) sales (3Q26: 58%; 2Q26: 57%). Earnings remained resilient despite seeing an uptrend in carbon anode and alumina prices (+13% qoq), with the current alumina-to-aluminium ratio expanding to 11% (2Q26: 9%). A third interim single-tier DPS of 2.5 sen was declared.
- **9M26 sales jumped 14% yoy** primarily due to higher sales volume and higher all-in aluminium prices (LME aluminium prices: US$3,329/tonne in 9M26 vs US$2,567/tonne in 9M25). Meanwhile, core net profit rose 49% yoy driven by the aforementioned factors, coupled with lower yoy alumina costs (alumina prices: US$319/tonne in 9M26 vs US$336/tonne in 9M25).
- **Raw material costs normalising from recent lows.** 1H26 recorded a sharp yoy drop in alumina prices (at US$307/tonne in 1H26 vs US$355/tonne in 1H25), which led the alumina-to-aluminium cost ratio to decline to as low as 10% in 1H26 (vs the historical 14–16%). However, 3Q26 saw alumina prices normalising to USD345/tonne (+13% qoq), underpinned by gradual resumption of Middle Eastern smelters' capacity and rising global supply. We foresee alumina prices continuing its normalising uptrend, driven by expectations of new incoming smelter capacity in Indonesia and total capacity resumption of Middle Eastern smelters by 1Q27. According to our sensitivity analysis, a US$20/tonne reduction in our alumina assumption of US$413/tonne in 2027 would increase PMETAL's earnings by RM37m, assuming that no hedging is done on a fixed US$2,950/tonne aluminium price, and vice versa. As of Nov 26, the group had hedged 65% of its aluminium prices at more than US$2,950/tonne for 2027, 40% at US$2,950/tonne for 2028 and 25% at US$3,000/tonne for 2029.
- **Elevated aluminium prices are behind us.** LME aluminium prices have normalised from a previous high of US$3,562/tonne in 2Q26, which was mainly driven by: a) supply disruptions to global aluminium output after Iran's missile and drone strikes hit major Gulf aluminium producers; and b) elevated logistics cost due to route diversions and port congestions. 3Q26 recorded early signals of a normalising trend with LME aluminium prices dropping 9% qoq to US$3,228/tonne. Current LME aluminium prices have dropped below the US$3,000/tonne mark, underpinned by growing supply capacity worldwide and a hawkish Federal Reserve outlook.

Valuation/Recommendation

- **Maintain BUY with a lower target price of RM9.13, in tandem with the earnings revision, based on a 27.0x 2027F PE,** which is its 10-year forward PE mean. Should aluminium prices swing from our conservative forecast, based on our sensitivity analysis, every US$100/tonne increase to our current spot aluminium price assumption of US$2,950/tonne in 2027 would increase PMETAL's earnings by 11% annually, assuming alumina cost ratio of 14% and carbon anode prices of Rmb6,048/MT.

Earnings Revision/Risk

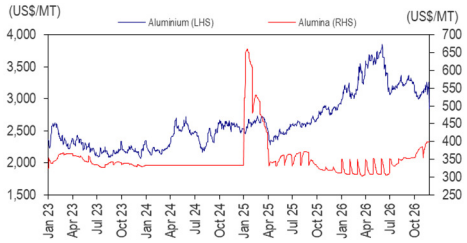
- We raise 2026 earnings forecasts by 6% to account for a more favourable alumina-to-aluminium ratio during the year. Conversely, we cut our 2027/28 earnings forecasts by 14%/16% respectively, mainly to reflect lower aluminium price and regional premium assumptions.

Key Assumptions

Year to 31 Dec	2025	2026F	2027F	2028F
Production volume (MT p.a.)	1,080,000	1,080,000	1,080,000	1,080,000
Aluminium spot price (US$)	2,632	2,900	2,950	3,000
Alumina (US$/tonne)	394	348	413	420
EBIT margin (%)	15.9	23..2	19.4	20.2
US$/RM rate	4.30	4.05	4.05	4.05
Effective Tax Rate (%)	14.4	13.0	13.0	13.0

Source: PMETAL, UOB Kay Hian

Aluminium And Alumina Spot Prices



Source: PMETAL, UOB Kay Hian

Sensitivity Analysis

- **Alumina:** Every US$20/tonne reduction in our alumina assumption of US$413/tonne in 2027 would increase PMETAL's earnings by RM37m, assuming that no hedging is done on a fixed US$2,950/tonne aluminium price, and vice versa.
- **Aluminium:** Every US$100/tonne increase to our current spot aluminium price assumption of US$2,950/tonne in 2027 would increase PMETAL's earnings by 11% annually, assuming alumina cost ratio of 14% and carbon anode prices of Rmb6,048/MT.

Source: PMETAL, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**16,199.7**	**16,668.0**	**17,064.2**	**18,154.8**
EBITDA	3345.5	4434.2	3913.8	4311.2
Deprec. & amort.	(775.5)	(569.1)	(608.4)	(645.0)
EBIT	2,570.0	3,865.1	3,305.4	3,666.2
Associate contributions	426.2	399.3	700.7	729.0
Net interest income/(expense)	(131.8)	(197.6)	(168.8)	(140.0)
Pre-tax profit	**2899.2**	**4066.8**	**3837.2**	**4255.1**
Tax	(357.2)	(528.7)	(498.8)	(553.2)
Minorities	2,126	2,143	2,478	2,583
Net profit	**2,135.6**	**2,874.1**	**2,772.2**	**2,979.5**
Net profit (adj.)	2100.8	2,874.1	2,772.2	2,979.5

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	7,839.8	8,420.6	8,962.2	9,467.2
Other LT assets	3,719.8	4,333.7	5,062.7	5,838.7
Cash/ST investment	2,620.3	2,283.7	3,072.8	4,220.5
Other current assets	4,994.2	5,691.7	6,044.9	6,490.1
Total assets	**19,174.1**	**20,895.9**	**22,881.1**	**25,188.8**
ST debt	1,014.0	714.0	414.0	114.0
Other current liabilities	2,215.0	1,900.0	1,968.4	2,079.7
LT debt	3,103.7	2,803.7	2,503.7	2,203.7
Other LT liabilities	1,335.2	1,335.2	1,335.2	1,335.2
Shareholders' equity	9,366.7	11,262.5	13,530.2	16,013.1
Minority interest	2,139.5	2,714.3	3,391.2	4,270.9
Total liabilities & equity	**19,174.1**	**20,895.9**	**22,881.1**	**25,188.8**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**3469.7**	**3489.0**	**3739.3**	**4031.1**
Pre-tax profit	2899.2	4066.8	3837.2	4255.1
Tax	(357.2)	(528.7)	(498.8)	(553.2)
Deprec. & amort.	775.5	569.1	608.4	645.0
Associates	(426.2)	(399.3)	(700.7)	(729.0)
Working capital changes	76.8	(945.2)	(174.5)	(280.1)
Non-cash items	10.6	-	-	-
Investing	**(1,570.1)**	**(1,150.0)**	**(1,150.0)**	**(1,150.0)**
Capex (growth)	(1,618.4)	(1,150.0)	(1,150.0)	(1,150.0)
Investments	468.6	1,082.4	1,811.4	2,587.4
Others	(425.2)	(1,082.4)	(1,811.4)	(2,587.4)
Financing	**(561.7)**	**(1,608.8)**	**(1,740.7)**	**(1,804.2)**
Dividend payments	(827.2)	(811.2)	(971.8)	(1,064.1)
Issue of shares	651.4	0.0	0.0	0.0
Proceeds from borrowings	(700.0)	(600.0)	(600.0)	(600.0)
Others/interest paid	314.1	(197.6)	(168.9)	(140.1)
Net cash inflow (outflow)	**1,216.4**	**(339.6)**	**789.1**	**1,147.6**
Beginning cash & cash equivalent	**1,431.8**	**2,620.3**	**2,283.7**	**3,072.8**
Changes due to forex impact	(27.8)	3.0	0.0	0.0
Ending cash & cash equivalent	**2,620.4**	**2,283.7**	**3,072.8**	**4,220.4**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	20.7	26.6	22.9	23.7
Pre-tax margin	17.9	24.4	22.5	23.4
Net margin	13.2	17.2	16.2	16.4
ROA	11.9	14.3	12.7	12.4
ROE	23.9	27.7	22.4	20.7
Growth				
Turnover	8.7	6.3	8.8	15.8
EBITDA	20.2	70.1	50.1	65.3
Pre-tax profit	26.0	108.4	96.6	118.0
Net profit	21.2	104.3	97.1	111.8
Net profit (adj.)	15.2	104.3	97.1	111.8
EPS	8.7	104.3	97.1	111.8
Leverage				
Debt to total capital	26.4	24.8	17.5	11.9
Debt to equity	43.9	30.9	21.9	15.0
Net debt/(cash) to equity	16.0	9.4	(0.2)	(8.5)
Interest cover	25.4	22.4	23.2	30.8

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