

Press Metal expected to post improved 3Q showing

PETALING JAYA: Press Metal Aluminium Holdings Bhd looks set to book stronger quarter-on-quarter (q-o-q) earnings for the third quarter of this year (3Q25), mainly driven by higher aluminium prices and stable alumina rates, says RHB Research.

The integrated aluminium producer is expected to announce its 3Q25 results this Thursday.

RHB Research said in a report: "We expect Press Metal's core profit after tax and minority interests to grow q-o-q to between RM520mil and RM580mil, thereby outperforming our estimate."

This would be achieved mainly through higher London Metal Exchange (LME) prices for aluminium which rose 7% to US\$2,620 per tonne while the price of alumina stayed flattish, rising 1%.

This takes its alumina-to-aluminium cost ratio to 13% versus 14% in 2Q25, which is comfortably below the three-year historical average of 16%, the research house added.

"However, this may be offset by a lower Main Japanese Port premium of US\$81 per tonne (down 37% q-o-q). Year-on year (y-o-y), we expect earnings to expand by between 9% and 22%, led by the LME price (up 10%) and lower price of alumina (down 30%), although this may be partially offset by a higher carbon anode price that rose 27% y-o-y."

RHB Research said it expects another 50 basis point cut in US interest rates next year, which could further bring down the US dollar/ringgit rate.

As over 90% of Press Metal's products are exported, RHB Research noted that this may

weigh on its earnings.

Based on the research house's sensitivity analysis, a 2% appreciation in the ringgit could lower Press Metal's earnings by an estimated 5%, assuming no hedging is done.

Meanwhile, aluminium prices are expected to remain elevated.

RHB Research said global production remains subdued, as China nears its 45 million-tonne production cap. Outside China, new capacity is limited, especially in the United States where smelters face rising competition for electricity from data centres, fuelling the "aluminium versus artificial intelligence" debate.

Following this, LME stocks fell 14% y-o-y, while Shanghai aluminium stocks also dropped 44% y-o-y. This brought the LME price to US\$2,805 per tonne quarter to date.