



Press Metal Aluminium Holdings Berhad Company No: 1198171-H

Press Release : Second Quarter 2017 Results

**Date: 16 AUGUST 2017**

## **PRESS METAL ALUMINIUM HOLDINGS BERHAD REPORTS RECORD-HIGH NET PROFIT OF RM298 MILLION FOR FIRST HALF 2017 ENDED 30 JUNE**

Press Metal Aluminium Holdings Berhad (PMETAL-8869), the largest integrated Aluminium producer in South East Asia, is pleased to announce its financial performance for first half of the year ended 30 June 2017. Press Metal Aluminium Holding Berhad's net profit rose 81.1% to RM298.2 million, from RM164.6 million (after adjusting for insurance claim) a year ago. The significant increase was mainly attributable to additional production output generated by its Samalaju phase 2 smelting plant and higher metal price.

Revenue was up 31.1% to RM2.08 billion for 2Q17, from preceding year's corresponding quarter's (2Q16) revenue of RM1.59 billion. Profit before tax ("PBT") increased by RM10.2 million or 5.1% to RM209.4 million in 2Q17 from RM199.2 million in 2Q16. However, 2Q16's PBT was inclusive of an interim insurance claim of RM45.0 million. Excluding the insurance claim, the core business PBT for 2Q16 would be RM154.2 million and indicating an increase of core business PBT of 35.8% or RM55.2 million in 2Q17.

The prospect for the business in 2Q17 was uplifted by the Aluminium price which saw a 2.8% increase from an average of USD1,852 per metric ton in 1Q17 to an average of USD1,905 per metric ton in 2Q17. The increase in Aluminium price was driven up by the curtailment policy from China due to pollution concern surrounding Beijing. As such, the market is expecting that the demand and supply for the year to tilt towards a deficit situation.

Commenting on the results, Group Chief Executive Officer, Dato' Paul Koon said: "We are very pleased of our record profit in the first half of 2017, which is our first year running on designed smelting capacity of 760K tonnes per annum. We are continuing our efforts to enhance plant efficiency and expand on our value added product lines to further increase our margins."

We expect the commissioning of Samalaju Port and the shortened distance of the new coastal road from Mukah to Bintulu Port to have positive impact to our profitability moving forward. With this, we will further maximize efficiency and reduce inland transport costs by installing a conveyor belt linking our smelter directly to the Samalaju Port which is expected to be operational by end 2017.

We are very excited about Aluminium industry latest developments, especially on China's supply reform. The Aluminium market was negatively impacted by disruptive supply growth from private and illegal smelters in China over the last few years but this will soon change with its supply curtailment policy. The July data also points to a considerable slowdown in China's aluminium output of 2.69m tonnes, from 2.93m tonnes in June, according to the National Bureau of Statistics (NBS). If annualised, this is 9% or almost 3 million tonnes less supply from China alone. The supply cut will be further aggravated by the implementation of winter policy around 28 cities in China, which demands smelters to halt 30% of output. China being the largest producer and consumer of aluminium, its curtailment policy will drive aluminium price higher. Indeed, Aluminium contract at London Metal Exchange (LME) has recently broken USD2,000 mark. We expect the same sturdy commitment on controlling Aluminium output after witnessing the same reform on both steel and coal industry from China earlier.

Being the largest aluminium smelter and extruder in South East Asia, we are the best proxy for multiple industries exposure due to the wide application of aluminium from construction, transportation, electrical to consumer products. This is in-line with the Sarawak Corridor for Renewable Energy (SCORE) initiatives and Federal Government's industrial policies to raise Malaysia's competitiveness.

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**About Press Metal Aluminium Holdings Berhad** Company No: 1198171-H

Press Metal Aluminium Holdings Berhad is a Malaysian-based aluminium company with an extensive global presence. From a modest beginning as a privately-owned local aluminium extruder in 1986, it has grown into a globally integrated aluminium corporation. With a smelting capacity of 760,000 tonnes and an extrusion capacity of 160,000 tonnes per annum, Press Metal is the largest integrated aluminium producer in South East Asia.