


## ESG: Sustainability Solutions

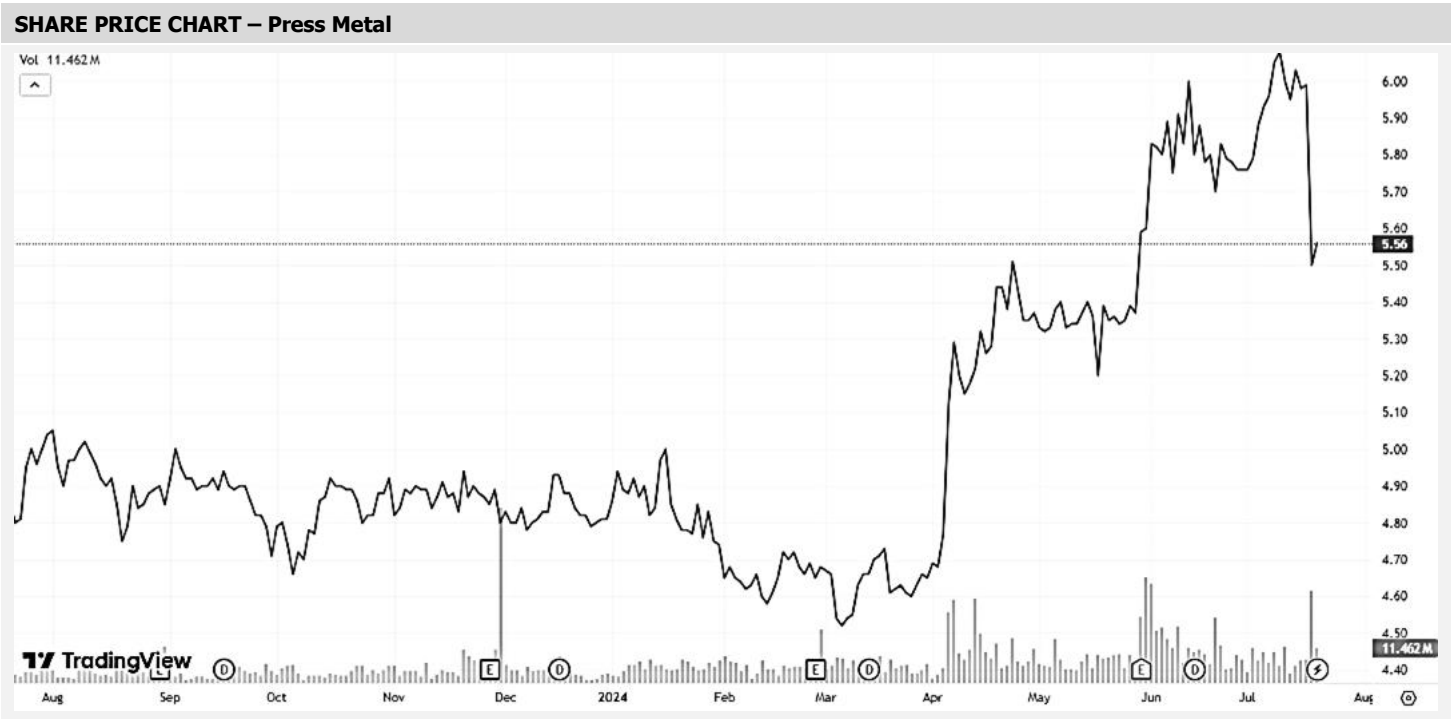
### Research Partnership to Develop Carbon Reduction Solutions

#### DEVELOPMENT

- Press Metal Aluminium Holdings Bhd (Press Metal) has inked a collaboration agreement with China's Xi'an Jiaotong University (XJTU) to research and develop a carbon capture and utilisation model involving its manufacturing process.
- The agreement follows a memorandum of understanding (MoU) signed between the two parties in August CY23, with the aim to develop an economically viable carbon capture and utilisation (CCU) model.
- The R&D involves a grant of approximately RM7.7m contributed to Press Metal and is expected to be completed by Aug CY26.

#### OUR VIEW

- **R&D a crucial step to ensure successful CCU.** XJTU has conducted 13 scientific research projects related to carbon capture, owning 10 patents in the field. The university's research expertise in CCU added the leverage for Press Metal to initiate the design and development of CCU infrastructure, which would subsequently contribute to the study and implementation of CCUS for industrial and commodity players. We believe this would be a crucial steppingstone for the industry to integrate sustainable and clean solutions in addressing decarbonization and net-zero carbon initiatives.
- **Importance of CCU for aluminium industry** CCU plays a significant role in the aluminium industry, particularly in reducing the carbon footprint. Over 60% of the aluminium industry's carbon emissions are emitted from electricity production during smelting, while 25-30% came from the processing of the aluminium itself. Integrating CCUS technologies can fundamentally address the industry's power supply and provide the most cost-effective solutions for large-scale emission reductions. Although CCUS in general is still in its infancy within the industrial sector, we opine that a proper collaborative action across the value chain, including research and development on CCUS applications will help the industry transition to a more sustainable model while maintaining competitiveness in the global market.
- Overall, we view this collaboration as a great opportunity for Press Metal to adhere to its ESG scores, while seeking a comprehensive and effective CCU model to ensure a sustainable cycle of carbon utilization in the industry. The group's GHG emissions amounted to 11.8mTCO<sub>2</sub>e in CY23, of which 36.3% emissions from its facilities and electricity acquired from the grid. To align with the Net Zero Emissions by 2050 Scenario, the decline in emissions intensity must accelerate to nearly 4% per year to 2030, hence we believe carbon capture could assist the aluminium industry to reduce its emissions in the long run. Additionally, the next step to the model would be to utilize the carbon captured, and carbon plays a crucial role in the traditional manufacturing process of aluminium, specifically in the Hall-Héroult process, which is the primary method of aluminium production.
- Moving forward, we believe that, on top of the upcoming CCUS bill that would be presented to the Parliament, **Press Metal (Non-Rated)** will play a significant role in Malaysia's CCUS operations, especially to the metal industrial sector. In the sector, CCUS is still in the conception-development stage and is not widely deployed. However, with the collaboration with researchers and CCUS experts, we believe that the group could pioneer CCUS for the industry and further open opportunities to collaborate with the renewables and oil and gas sectors in realising the aspiration for a CCUS hub in Malaysia. With the industry continuing to explore pathways to achieve carbon emission reduction, we are optimistic of Press Metal's initiative in coming up with a workable and adoptable CCU model. 



Source: Company, TradingView, MIDFR

**MIDF Research**  
research@midf.com.my

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad (197501002077 (23878 – X)).  
 (Bank Pelaburan)  
 (A Participating Organisation of Bursa Malaysia Securities Berhad)

## DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (197501002077 (23878 – X)) for distribution to and use by its clients to the extent permitted by applicable law or regulation.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that MIDF Investment believes are reliable at the time of publication. All information, opinions and estimates contained in this report are subject to change at any time without notice. Any update to this report will be solely at the discretion of MIDF Investment.

MIDF Investment makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. MIDF Investment and its affiliates and related BNM and each of their respective directors, officers, employees, connected parties, associates and agents (collectively, "Representatives") shall not be liable for any direct, indirect or consequential loss, loss of profits and/or damages arising from the use or reliance by anyone upon this report and/or further communications given in relation to this report.

This report is not, and should not at any time be construed as, an offer, invitation or solicitation to buy or sell any securities, investments or financial instruments. The price or value of such securities, investments or financial instruments may rise or fall. Further, the analyses contained herein are based on numerous assumptions. This report does not take into account the specific investment objectives, the financial situation, risk profile and the particular needs of any person who may receive or read this report. You should therefore independently evaluate the information contained in this report and seek financial, legal and other advice regarding the appropriateness of any transaction in securities, investments or financial instruments mentioned or the strategies discussed or recommended in this report.

The Representatives may have interest in any of the securities, investments or financial instruments and may provide services or products to any company and affiliates of such BNM mentioned herein and may benefit from the information herein.

This document may not be reproduced, copied, distributed or republished in whole or in part in any form or for any purpose without MIDF Investment's prior written consent. This report is not directed or intended for distribution to or use by any person or entity where such distribution or use would be contrary to any applicable law or regulation in any jurisdiction concerning the person or entity.

### MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

#### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

#### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

\* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology