2010 Full Year Results Presentation

22nd February 2011

CAPRAL LIMITED

AGENDA

- Capral Delivers
- Financial Highlights
- Key Profit Drivers
- Cash Flow and Gearing
- Market & Sales Volumes
- Anti Dumping Update
- The Turnaround Strategy is Delivering
- Outlook

January 2011 floods
Capral Bremer Plant
Ipswich QLD
Source: Above Photography, Jan2011

CAPRAL DELIVERS

....EBITDA[1] profit of $19.2m

- Substantial turnaround on previous years
- Achieved in a flat market
- Anchored by substantial cost savings

....Profit after tax of $6.7m

- First full year profit after tax in 7 years

....Operating cash flow of $19.8m

- A $27.2m lift on the prior year

....A robust balance sheet with no net debt

- A $17.2m decrease in net debt
- Net cash of $11.3m

....Positive earnings per share

- 1.7c compared to -27.5c in the prior year

....High levels of customer service and product quality

- Commitment to safety and environmental care

....And leverage to

- Market recovery
- "Project Relaunch" profit improvement
- Increase in compliance with anti-dumping decision (and potential measures upside)
- Sales growth initiatives

[1] Earnings before interest, tax depreciation and amortisation

FINANCIAL PERFORMANCE HIGHLIGHTS

	2010			2009		
	FULL YEAR	HY1	HY2	FULL YEAR	HY1	HY2
Sales Volumes - External (‘000 tonnes)	55.6	28.5	27.1	55.2	24.8	30.4
	$m	$m	$m	$m	$m	$m
Sales Revenue	399.7	204.5	195.2	381.4	177.0	204.4
EBITDA	19.2	8.5	10.7	(0.7)	(9.3)	8.6
[1]Depreciation/Amortisation	(12.1)	(6.0)	(6.1)	(17.3)	(8.5)	(8.8)
EBIT	7.1	2.5	4.6	(18.0)	(17.8)	(0.2)
Interest	(3.0)	(1.4)	(1.6)	(11.6)	(6.8)	(4.8)
Tax	2.6	-	2.6	0.5	-	0.5
Profit/(Loss) after Tax	**6.7**	**1.1**	**5.6**	**(29.1)**	**(24.6)**	**(4.5)**
EPS (cents per share)	1.7c			(27.5)c[2]		

[1] Following the major investment in Plant & Equipment in the mid 2000’s, Caprals short to medium term need for Capex spend is likely to be 50% or less of Depreciation

[2] Based on weighted average number of shares, due to recapitalisation

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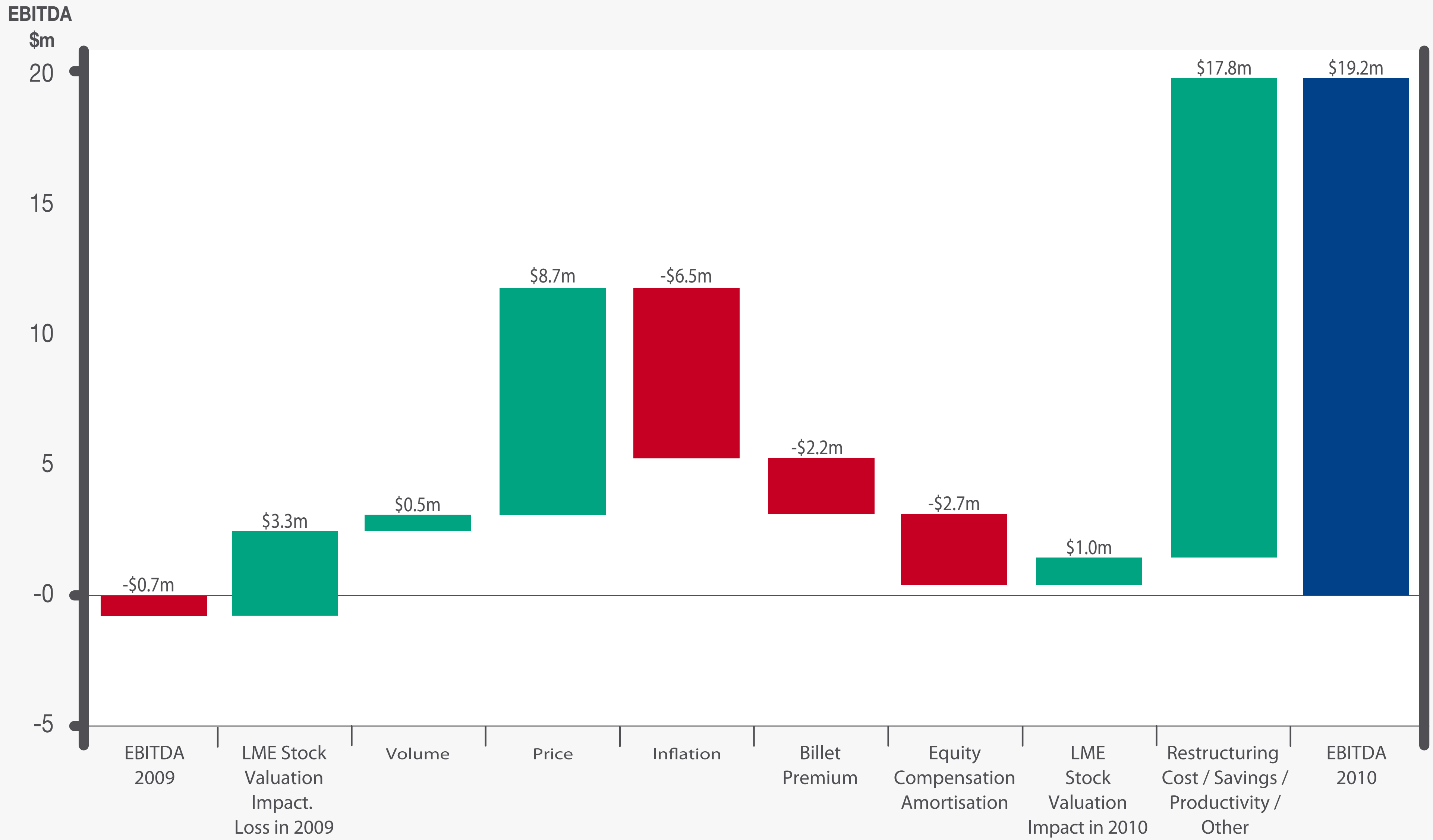
KEY PROFIT DRIVERS

EBITDA INCREASED BY $19.9M IN 2010. RESTRUCTURING INITIATIVES (PERMANENT COST SAVINGS) HAD THE BIGGEST IMPACT.



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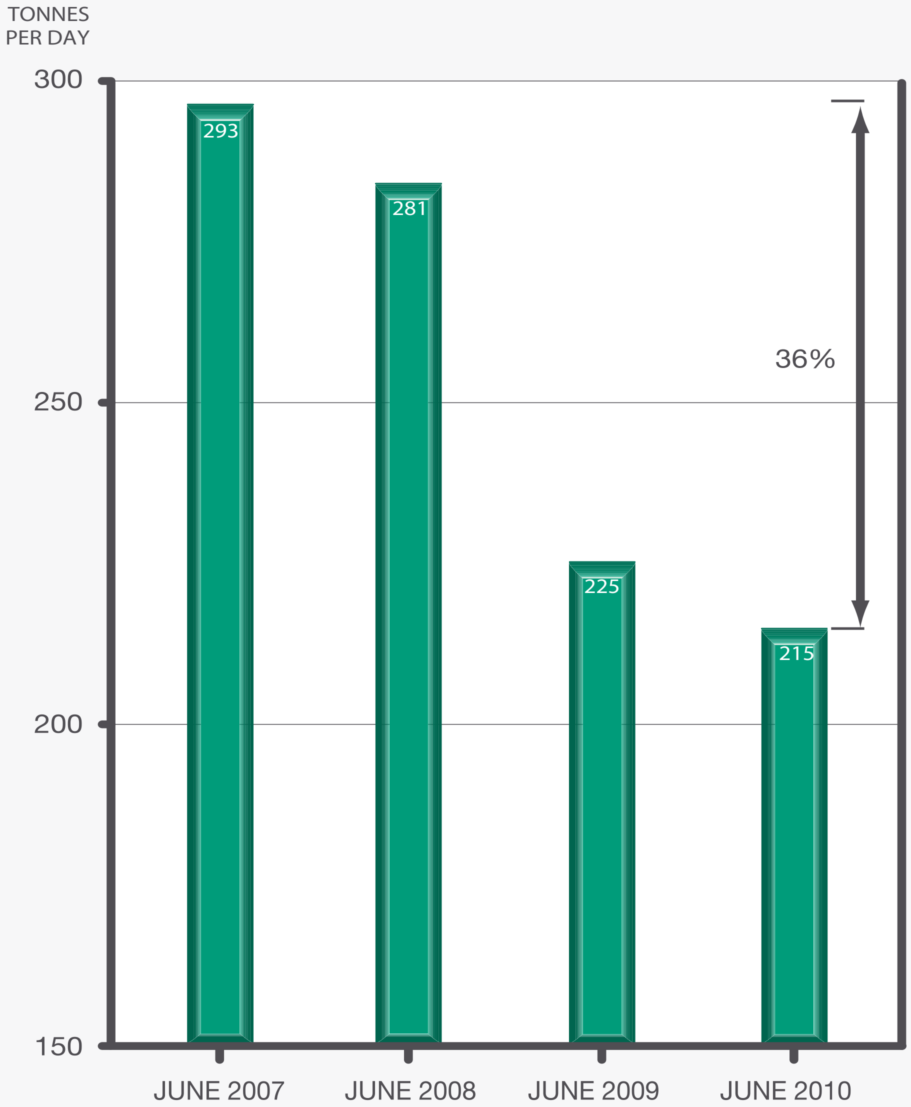
EFFICIENCY AND COST CUTTING INITIATIVES HAVE SIGNIFICANTLY REDUCED THE FIXED COST BASE OF THE BUSINESS

The EBITDA break even of the business has reduced by 36%



Underlying costs have been reduced in excess of $20m PA over the 2008 base.

Highlights

- Employee head count has reduced by 33% since 2008 to 900 employees. (Volumes are 15% less)
- Warehouse rationalisation
- Trade Centre closures
- Freight and Logistics efficiencies
- Corporate cost reductions
- Manufacturing costs - recovery % improved
- General costs pruning
- Procurement savings

CAPRAL'S CASH POSITION IS IN GOOD SHAPE

Operating Cash flow improved considerably

	2010 $'000	2009 $'000
EBITDA	19,219	(714)
Changes in Working Capital	(2,335)	1,731
Interest Paid	(2,697)	(5,923)
Income Tax Paid	-	(255)
Equity Settled Compensation	3,724	1,051
Other Non-Cash Items	1,887	(3,316)
Operating Cash Flow	**19,798**	**(7,426)**
Sale of property, plant and equipment	1,436	13,215
Capex Spend	(2,976)	(2,571)
Acquisition	(1,257)	-
Interest Received	212	153
Equity Raising	-	42,857
Decrease in Net Debt	17,213	46,228

	2010 $M	2009 $M
Net Assets	162	152
Net Cash/(Debt)	11	(5)
Gearing Net Debt/(Debt + Equity)	-	3.4%

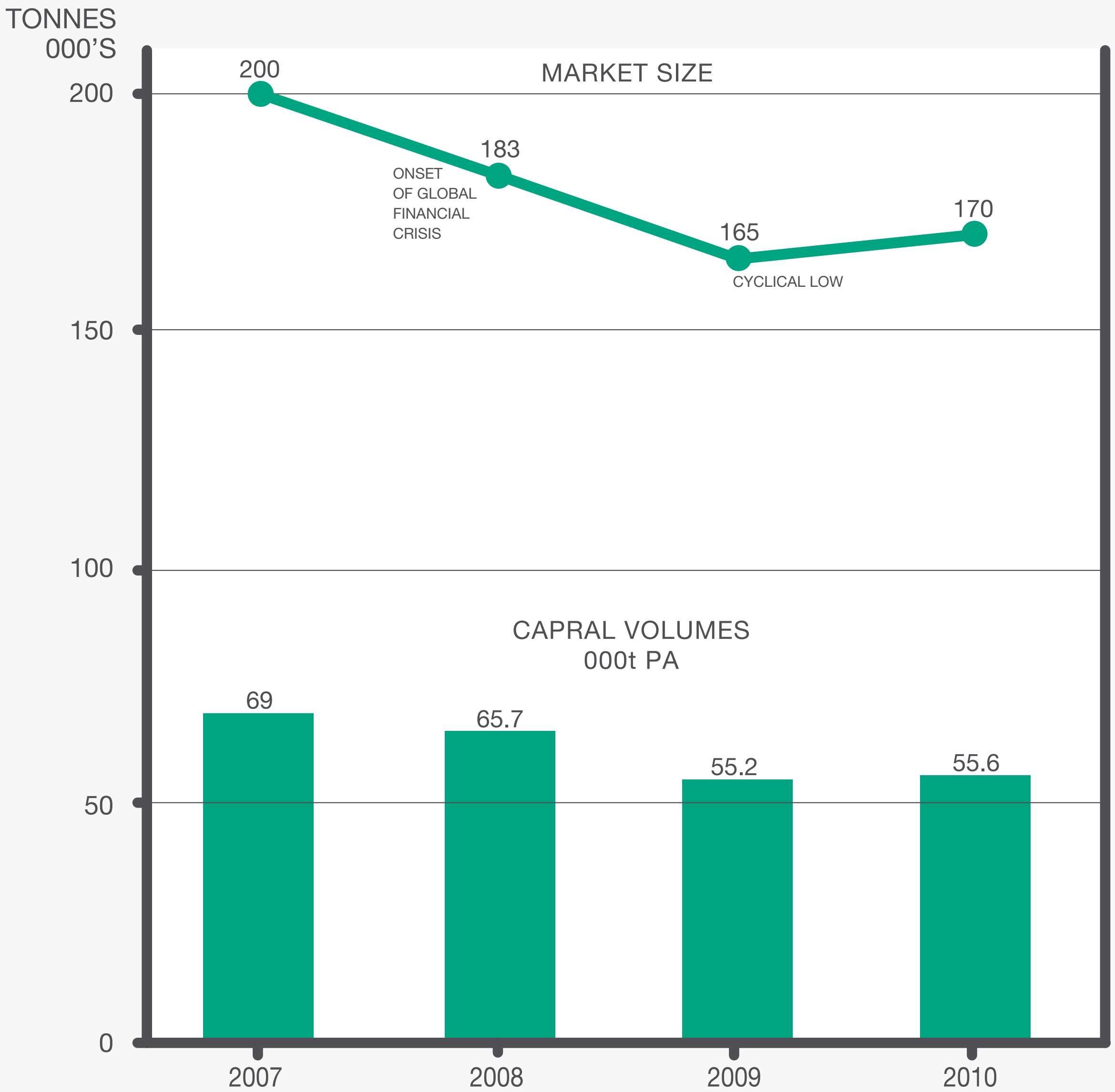
Resulting in a robust balance sheet with a positive cash balance

The bank facility is due to be renegotiated by September this year

Capral is confident of a favourable outcome

Capral Finance Facilities	Limit	Balance Dec 2010
GE Term Debt	$34m	$21.7m
GE Revolver	$70m	$NIL
ANZ Overdraft	$0.4m	$0.3m

THE MARKET REMAINED AT A LOW POINT IN THE CYCLE AND IS POISED TO RECOVER.



- The market remained flat in 2010
  - Government stimulus measures boosted the 2nd half of 2009 and the early part of 2010 before stalling
  - Housing approvals declined through most of 2010
  - The commercial market remained subdued
  - The Industrial segment increased with GDP
- Capral is maintaining market share
- Ongoing product range rationalisation
- Innovative new products under development

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ANTI-DUMPING UPDATE

In October 2010 the Australian Government imposed anti-dumping and countervailing duty measures on aluminium extrusions from China. It found:

1. There is an Australian Industry producing like goods ✓
2. Certain extrusions were dumped ✓
3. Countervailing subsidies exist in China ✓
4. The Australian Industry producing like goods experienced injury ✓
5. Dumping and subsidisation caused material injury to the Australian Industry ✓

CAPRAL HAS PROVEN ITS ANTI-DUMPING CASE

The Minister's decision was based on the recommendations from the Australian Customs department following a 16 month investigation.

BUT THE LEVEL OF MEASURES IS LOW

Exporter	Australian Measures			Canada	USA (Preliminary)	
	Dumping	Subsidy	*% Vol of exports to Australia*		Dumping	Subsidy
Weighted Average	6.1%	6.4%		~ 33%	32%	138%
4 Investigated Exporters						
• Kam Kui	~2%	3.8%	69%	27.8%	32%	138%
• Pan Asia	~4%	6.1%		31.4%	32%	138%
• New Zhongya	2.7%	7.6%		N/A	32%	10.4%
• Tai Ao	deminimus*	deminimus*		N/A	32%	138%
Cooperating	6.1%	6.4%	17%	N/A	32%	10.6 to 138%
Non Cooperating	25.7%	18.4%	14%	101%	32%	138%
			100%			

* under re-investigation

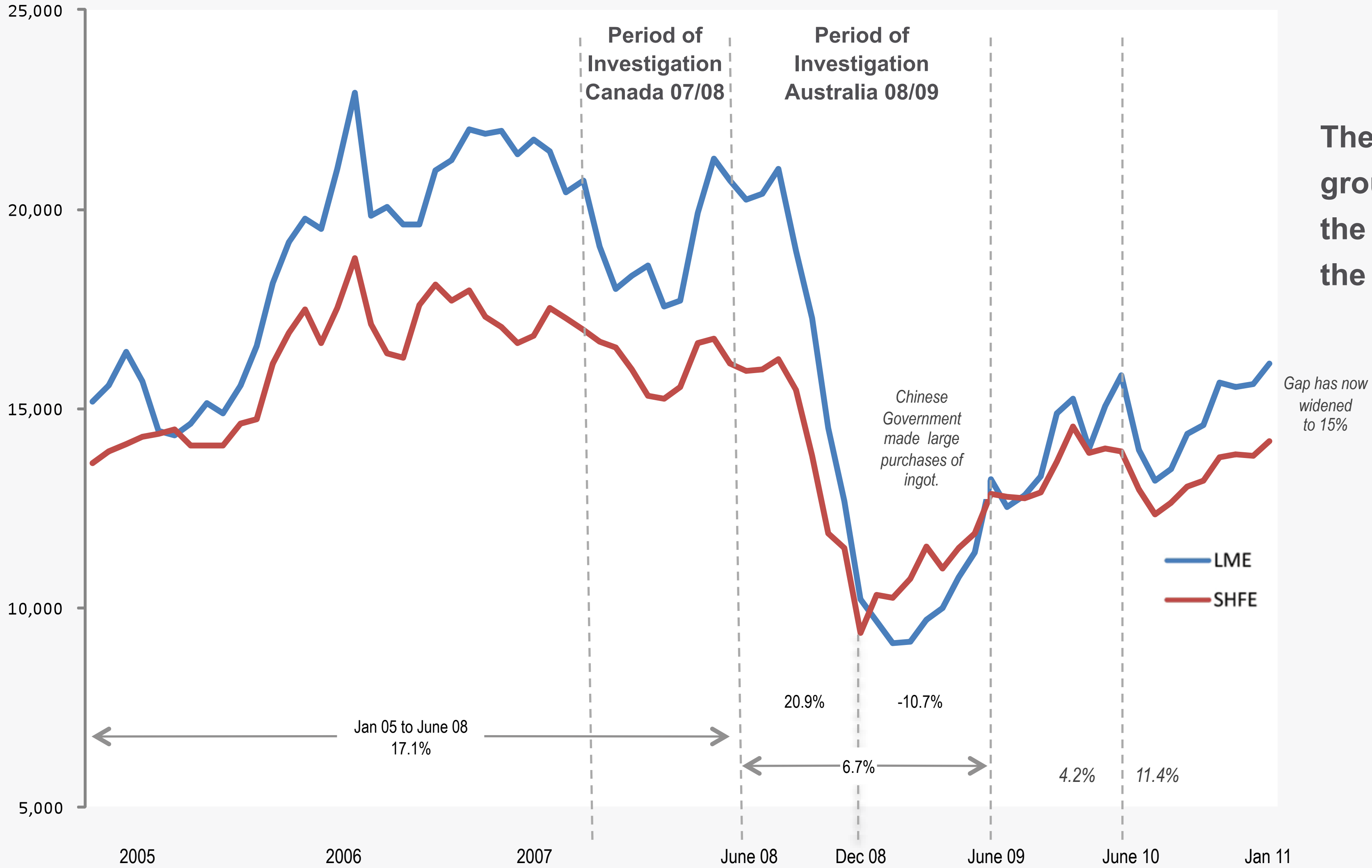
NEXT STEPS

• The appeals process is underway and the timing of the outcome is not clear
• Ramp up compliance mechanisms
• Vigorous pro-industry and political momentum to strengthen Australia's anti-dumping regime

THE GOVERNMENT OF CHINA CONTROL 50% PLUS OF ALUMINIUM SMELTERS.

PRIMARY ALUMINIUM AT TIMES IS SUBSIDISED TO CHINESE EXTRUDERS IN EXCESS OF 20% LOWER PRICES THAN PREVAILING WORLD PRICES

ALUMINIUM RAW MATERIAL MONTHLY PRICING
Comparison of the Shanghai Futures Exchange (SHFE) and London Metals Exchange (LME)



There will be compelling grounds for a review of the level of measures if the gap holds or widens

THE TURNAROUND STRATEGY IS DELIVERING

The First Phase has been completed

- **Stabilise the Business**
  - Recapitalise the Balance Sheet
  - Embed a new operating philosophy
  - Implement a lean management structure with increased accountability
  - Realise significant cost savings
  - Launch an Anti-Dumping Case
  - Achieve positive underlying cash flow and profitability.

The Second Phase is underway

- **Optimise Business Performance "Project Relaunch"**

Extrusion

- Transition to a state based manufacturing approach
- Fix or exit unprofitable "value adding" activities
- Consolidate space requirements at the Bremer facility

Distribution

- Lift underperforming state operations
- Optimise the supply chain
- Implement sales growth initiatives

Corporate Costs

- Continue to right size

General

- "Fair" anti-dumping resolution.

The Third Phase

- Leverage capability
- Pursue strategic growth options

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OUTLOOK

Market

- 1st half of 2011 subdued after the weather impacted start to the year
- Residential market to start to strengthen in the second half of 2011 and lift significantly in 2012
- Commercial to remain subdued
- Industrial segment mixed but growing with GDP

Pricing

- Pricing gains are expected to remain modest:
  - While the market softness continues
  - Until the level of imports begin to moderate as anti-dumping compliance measures coupled with rising costs in China and a revaluing currency start to have an impact
  - As some additional capacity in Australia is absorbed by market growth and import substitution

Costs

- "Project Relaunch" to deliver ongoing business improvements and sustainability.

Growth

- Focus on regaining market share in the Distributor segment coupled with the introduction of new products

Capral expects to continue to make progress as the consistent Turnaround strategy is implemented

APPENDIX 1 - CAPRAL PROFILE

- Australia's largest manufacturer and distributor of aluminium profiles
- A National footprint of world class extrusion plants

  8 operating presses with annual capacity of 75KT
- A network of 5 major distribution facilities, 6 regional centres and 12 metropolitan trade centres with an extensive range of products and logistics capabilities
- Market leader in supply to fabricators and distributors, focussing on the Residential, Commercial and Industrial segments
- 900 employees, with significant industry skills and expertise
- Innovative R&D capability, well positioned to take advantage of changing building regulations in Australia
- A listed ASX company, started 75 years ago

APPENDIX 2 - SAFETY IS A CORE VALUE IN CAPRAL

There were a number of highlights in 2010

- Bremer Park
  - Manufacturing: secured AS4801 accreditation (a challenging standard); 50% reduction in reportable injuries in H2 2010; “TOP GEAR Safety Challenge” where over 1000 safety observations completed in a 2 month period & over 60% of identified hazards closed out
  - Distribution Centre: completed 12 months LTI free
- 23 months injury free at Canning Vale (WA) Manufacturing, and 20 months at Campbellfield (VIC) Manufacturing
- All WA Distribution sites completed 12 months injury free
- QLD & NSW Trade Centres completed 12 months injury free, & VIC Trade Centres completed 40 months injury free
- Safety Leadership development: 60 managers underwent 2 day training program
- Continued focus on lead indicator management including safe behaviour observations & hazard ID process

LAG INDICATORS

Measure/Year	2006	2007	2008	2009	2010
LTI/MTI	74	60	41	31	43
LTI/MTI Frequency*	25.9	22	17.5	16.3	24.2
LTI Severity*	233.6	228	162.1	92.9	239.5

*Frequency = No. of injuries per million work hours
*Severity = No. of days lost per million hours worked

- Some lag indicators regressed after significant improvement in the prior year
- Reducing the number of Medical Treatment and Lost Time Injuries with associated hours lost is a key focus in 2011

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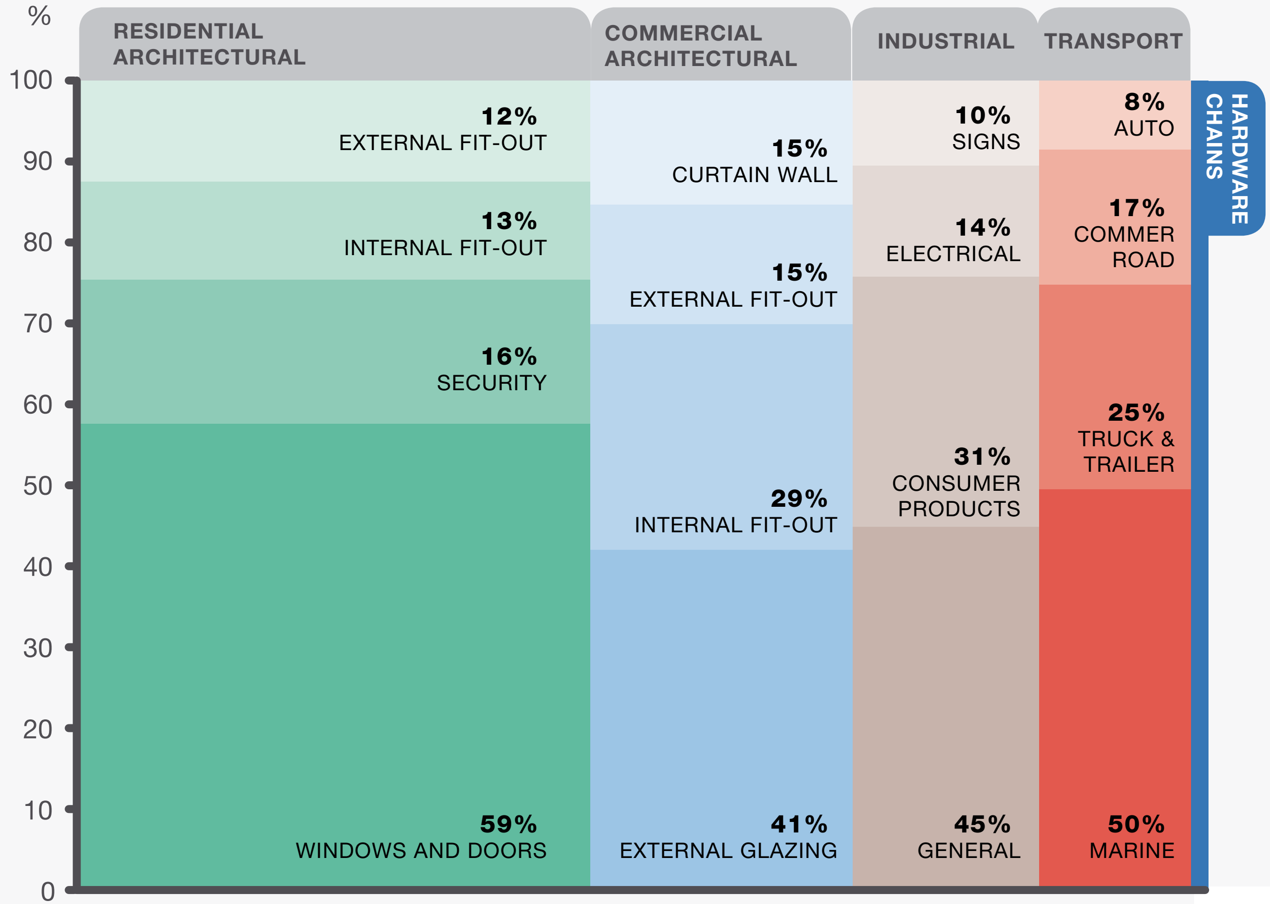
APPENDIX 3 - CAPRAL HAS A 33% MARKET SHARE AND IS WELL REPRESENTED IN THE WINDOW AND DOOR SEGMENT

END USER SEGMENTS - ALUMINIUM EXTRUSIONS & ROLLED PRODUCTS



	Residential Architectural	Commercial Architectural	Industrial	Transport	COMBINED TOTALS
Total Market	46%	23%	14%	17%	100%
Capral Volume %	45%	15%	$\underbrace{\quad}_{40\%}$		100%

SOURCE: CAPRAL ESTIMATES. STRATEGIC REVIEW 2009, LEK 2000

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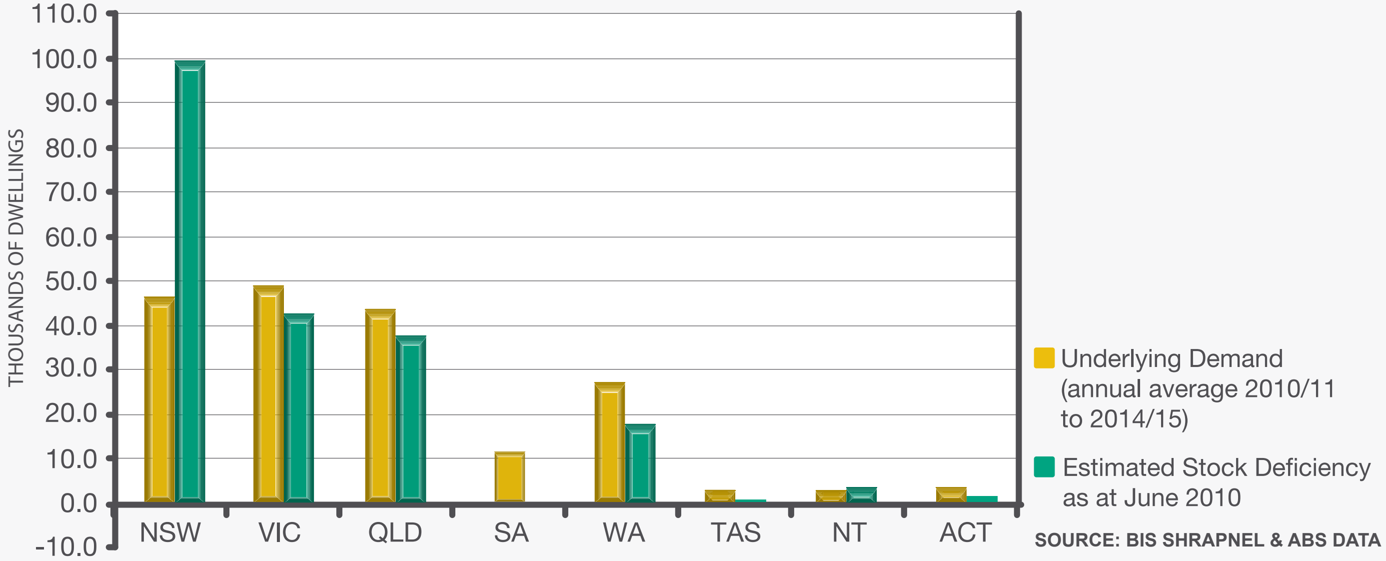
APPENDIX 4 - AUSTRALIA IS CURRENTLY UNDERBUILDING COMPARED TO UNDERLYING DEMAND. THERE IS A LARGE PENT UP DEMAND, ESPECIALLY IN NSW

	UNDERLYING DEMAND ('000) 2010/11 - 2014/15 ANNUAL AVERAGE	DWELLING STOCK DEFICIENCY AS AT JUNE TOP 200 CUSTOMERS				
		2008	2009	2010	2011F	2012F
New South Wales	46.0	50.3	74.1	199.3	111.3	118.0
Victoria	48.7	28.2	36.6	42.2	37.3	33.5
Queensland	43.4	21.7	26.2	37.7	49.0	56.1
South Australia	10.8	-0.1	-0.4	-1.2	-2.3	-3.1
Western Australia	26.8	7.1	12.2	17.2	20.3	23.3
Tasmania	2.3	-0.7	-0.9	-1.0	-1.7	-2.2
Northern Territory	2.0	1.3	1.9	2.7	3.4	3.8
A.C.T	2.7	1.0	1.3	0.8	-0.7	-1.6
Australia	**182.7**	**108.7**	**151.2**	**197.7**	**216.6**	**227.7**

F = FORECAST

SOURCE: BIS SHRAPNEL & ABS DATA

UNDERLYING DEMAND FOR DWELLINGS AND ESTIMATED STOCK DEFICIENCY



SOURCE: BIS SHRAPNEL & ABS DATA

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APPENDIX 5

The Australian Financial Review
www.afr.com • Thursday 17 February 2011 7

Pressure builds over 'dumped' goods

Mark Skulley

Australia's anti-dumping laws face an acid test in the Federal Parliament through legislation being pushed by independent Senator Nick Xenophon to highlight job losses and force offshore companies to prove they are acting legally.

Opposition Leader Tony Abbott has also announced a task force to improve the laws, which are supposed to prevent the dumping of cheap overseas goods in Australia.

The parliamentary moves are in addition to a public anti-dumping campaign by the Australian Workers Union which will increase pressure on the Gillard government to respond to a Productivity Commission report on the anti-dumping system released last May.

Senator Xenophon said yesterday that he would introduce legislation to amend the Customs Act on February 28, which includes broadening the definition of "material injury" caused by dumped goods to include "any impact on jobs. These are practical solutions," Senator Xenophon said. "We can fix this. I'm calling for bipartisan support. It's in the interests of business and unions to have a reasonable anti-dumping system. This is not about protectionism, this is about not being mugs."

Independent senator Nick Xenophon.

"Dumped" goods are defined as those sold on export markets for prices that have been unfairly reduced by direct subsidies or by other measures intended to cut their price below that of similar, locally produced goods. Dumping is illegal under World Trade Organization rules.

The changes being prepared by Senator Xenophon would allow unions, as one of the "affected parties", to make applications and appeals on dumped goods.

That would mean a finding that goods had been dumped would lead to the presumption that material injury had occurred, with the onus of proof on the importers or overseas manufacturers to show they were not involved in dumping.

Senator Xenophon has blamed the anti-dumping laws for the loss of 235 jobs in the pulp paper industry in his home state of South Australia.

Kimberly-Clark, which is headquartered in Dallas, plans to close two of its four tissues machines located in SA's south-east, while a pulp mill will also be closed unless a buyer is found.

The Coalition taskforce will be headed by shadow industry spokesperson Sophie Mirabella to examine the problems with the current regime that allow foreign companies to "dump" cheap products on Australian markets. They argued that the anti-dumping regime should not protect inefficient and uncompetitive businesses because competition was good for consumers and drove business innovation.

But many businesses had raised concerns that the present system was too cumbersome, placed the onus of proof on domestic businesses rather than on their competitors, and was applied retrospectively, often after irreversible damage had occurre and was "prohibitively expensive".

"There's no point in having dumping laws if they don't we want to make sure expensive, it doesn't and there isn't an Australian busine said.

The AWU yesterday la public campaign for cha anti-dumping system have ramifications for ers of steel, chemi paper and farm pr

"Australian jo panies are goin nese compani the rules in game," said Paul Howe

"If the against tralia not new ing

Timothy Geithner

"China's currency remains substantially undervalued and its real effective exchange rate - the best measure to judge its currency against all of its trading partners - has not moved much in this latest period of exchange rate reform," said US Teasury secretary Timothy Geithner.

Source: The Australian Financial Review, 21 February 2011

Paul Howes, AWU

But AWU national secretary Paul Howes says strong anti-dumping rules help free trade.

"The government, if they do believe in free trade, should be supportive of a strong anti-dumping mechanism to ensure that free trade principals, as governed by the WTO (World Trade Organisation), are complied with."

Source: abc.net.au, 18 February 2011

Tony Abbott

"However, foreign goods sold cheaply into Australia on the back of government subsidies, unfairly distort the market place, harming Australian businesses and ultimately costing jobs."

Source: ninemsn, 18 February 2011

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