CAPRAL ALUMINIUM
SHAPING THE FUTURE

2012 Full Year Results Presentation

This presentation includes forward-looking estimates that are subject to risks, uncertainties and assumptions outside of Capral's control and should be viewed accordingly.

21 February 2013

CAPRAL LIMITED

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HIGHLIGHTS

FULL YEAR TO DECEMBER 2012

... EBITDA[1] profit of $4.0m

(before restructuring & LME mark to market)

- Achieved in tough trading conditions
  - Housing at a cyclical low
  - High A$ sustaining imports (dumped)
  - Ill-timed capacity expansion in the Australian industry resulting in sub optimal plant utilisation
- Anchored by ongoing productivity improvements and cost savings

... Net loss of $11.0m

- Impacted by a high $12.5m ongoing depreciation charge, $1.3m in restructuring costs and a $0.6m LME devaluation

... $9.5m positive Operating cash flow

- Tight control of working capital, inventory reductions

... A robust balance sheet with no net debt

Net cash of $19.8m at 31 December 2012

... Progress with Anti Dumping measures

- Government is progressing wide ranging reforms
- Customs Compliance resources have strengthened
- Market impact to date has been modest

... High levels of customer service and product quality

- Customer feedback is positive
- Market share maintained

... Safety is a core value

- 37% reduction in Lost Time/Medical Treatment Injuries
- Hours lost due to injuries below 0.06%

[1] Earnings before net interest, tax, depreciation and amortisation

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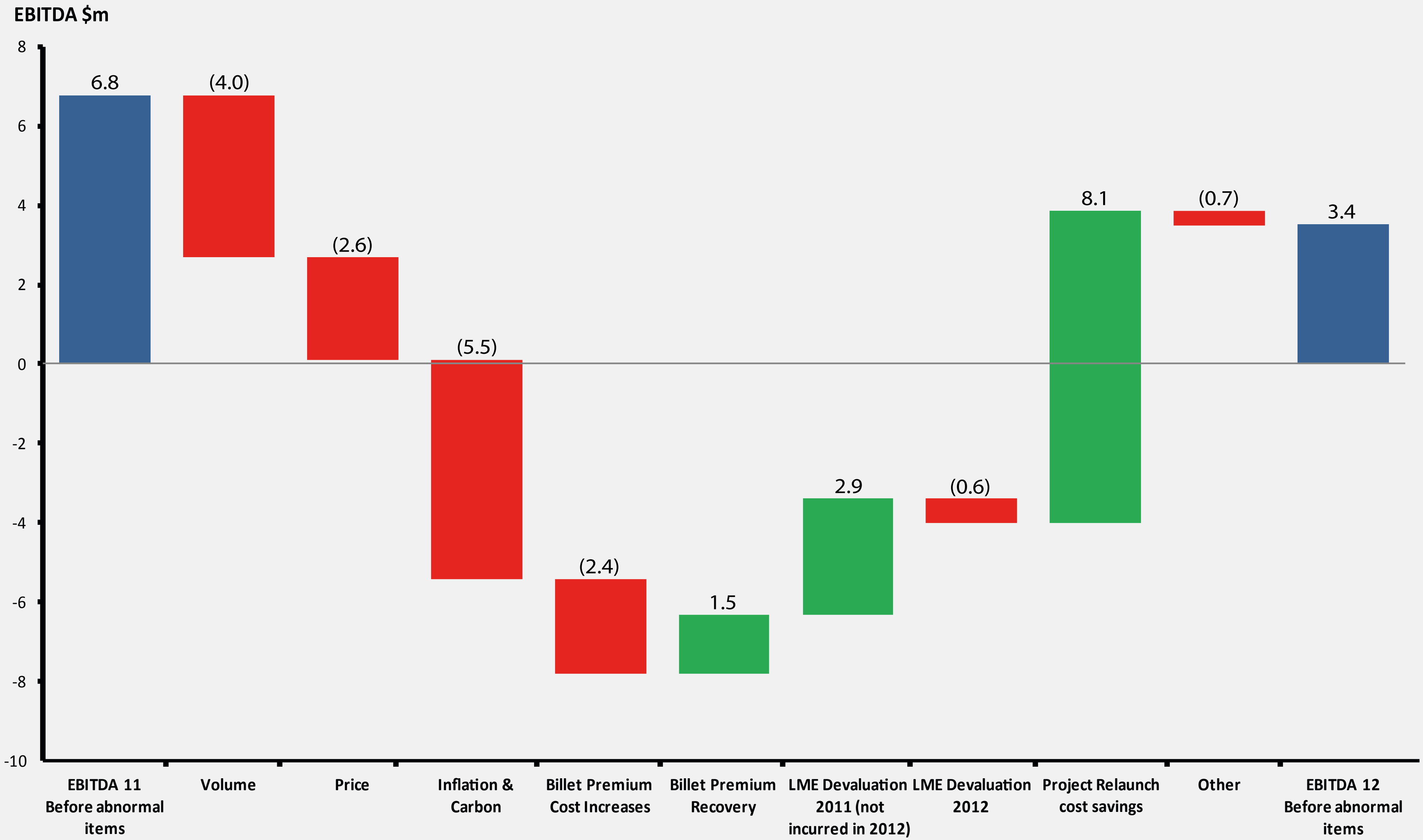
FINANCIAL SUMMARY

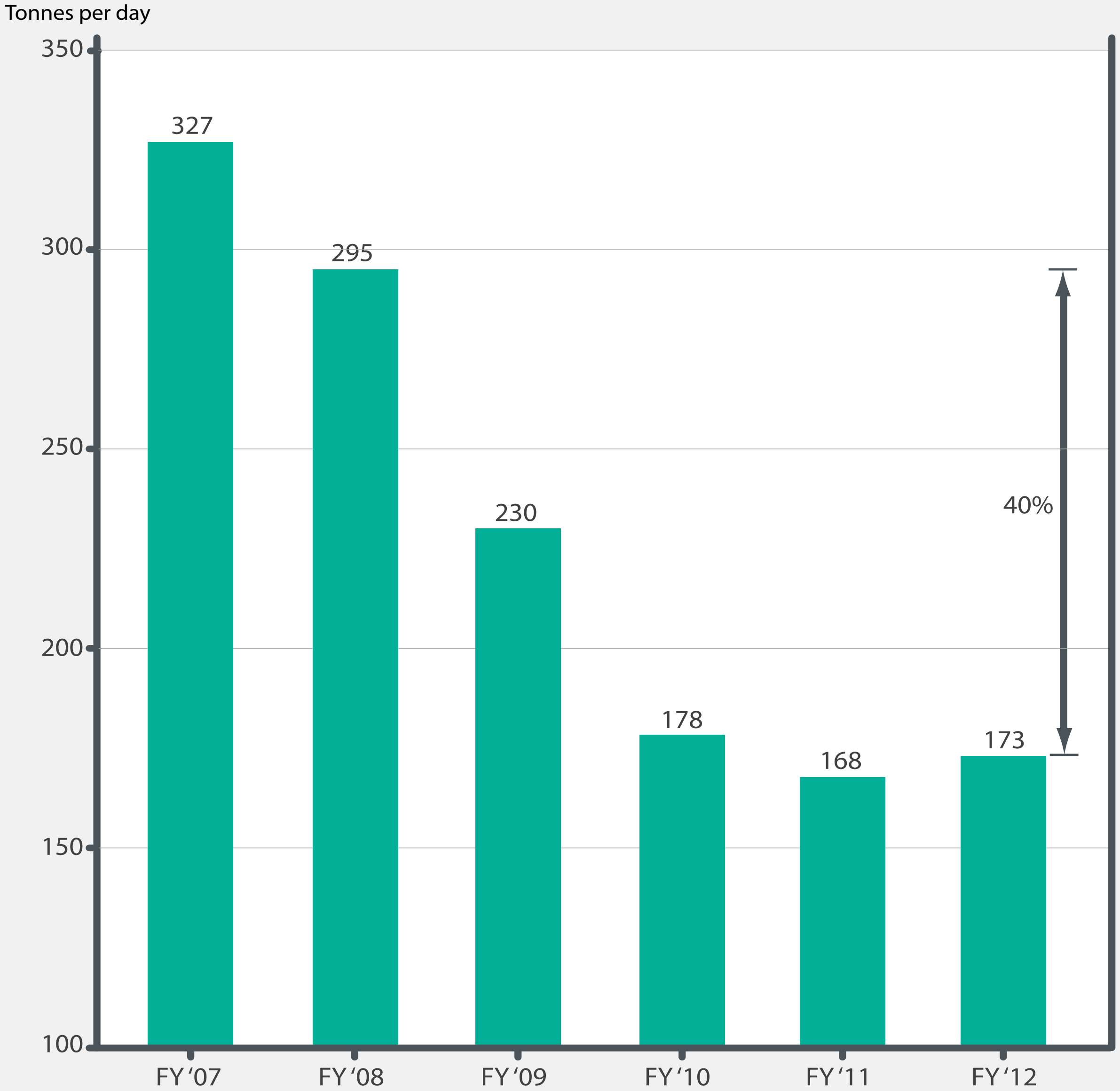
TWELVE MONTHS TO DECEMBER 2012

	Full Year 2012	H1 2012	H2 2012	Full Year 2011	H1 2011	H2 2011
Sales Volumes - External (‘000 tonnes)	45.3	22.0	23.3	48.3	24.5	23.8
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
Sales Revenue	303.9	149.2	154.7	348.6	179.5	169.1
EBITDA **(before LME mark-to-market and restructuring)**	**4.0**	**0.3**	**3.7**	**9.7**	**5.2**	**4.5**
Less LME mark-to-market	(0.6)	(0.2)	(0.4)	(2.9)	0.5	(3.4)
Restructuring/Abnormals	(1.3)	(0.7)	(0.6)	(0.4)	0.4	(0.8)
EBITDA	**2.1**	**(0.6)**	**2.7**	**6.4**	**6.1**	**0.3**
Depreciation/Amortisation	(12.5)	(6.2)	(6.3)	(12.6)	(6.1)	(6.5)
EBIT	(10.4)	(6.8)	(3.6)	(6.2)	0.0	(6.2)
Finance Cost	(0.6)	(0.3)	(0.3)	(1.8)	(1.3)	(0.5)
Profit/(Loss) after Tax	**(11.0)**	**(7.1)**	**(3.9)**	**(8.0)**	**(1.3)**	**(6.7)**

PROJECT RELAUNCH COST SAVINGS AGAIN PLAYED A CRITICAL ROLE MITIGATING NEGATIVE VOLUME, PRICE AND INFLATION IMPACTS



The Trading EBITDA[1] break even of the business has reduced by over 40% since 2008



Underlying costs have reduced by $40m pa over the 2008 base.

- Employee head count has reduced in excess of 40% since 2008 to around 790 employees
- Manufacturing efficiency
- Metal recovery % improvement
- Warehouse consolidation
- Aluminium Centres rationalisation and revitalisation
- Freight and Logistics efficiencies
- Procurement savings
- Corporate cost reductions
- General costs pruning.

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STRONG FINANCIAL POSITION

Operating Cash Flow is positive

12 months to	$m Dec 12	$m Dec 11	$m Dec 10
EBITDA	2.1	6.4	19.2
Working Capital	6.7	2.3	(2.3)
Finance Cost	(0.6)	(1.6)	(2.7)
Equity Compensation Amortisation	1.2	1.2	3.7
Other	0.1	0.5	1.9
Operating Cash Flow	**9.5**	**8.8**	**19.8**
Sale of property	-	-	1.4
Capex Spend	(4.5)	(5.5)	(3.0)
Acquisition	-	-	(1.3)
Interest received	0.1	0.3	0.2
Increase in Net Cash	5.1	3.5	17.2

As at	$m Dec 12	$m Dec 11	$m Dec 10
Net Assets	146.7	156.2	162.1
Net Cash	19.8	14.7	11.3
Franking Credits	27.1	27.1	27.1
Accumulated unrecognised Tax Losses	282.2	275.9	268.1

Resulting in a robust balance sheet with a positive cash balance[1], no net debt and large accumulated tax losses and franking credits

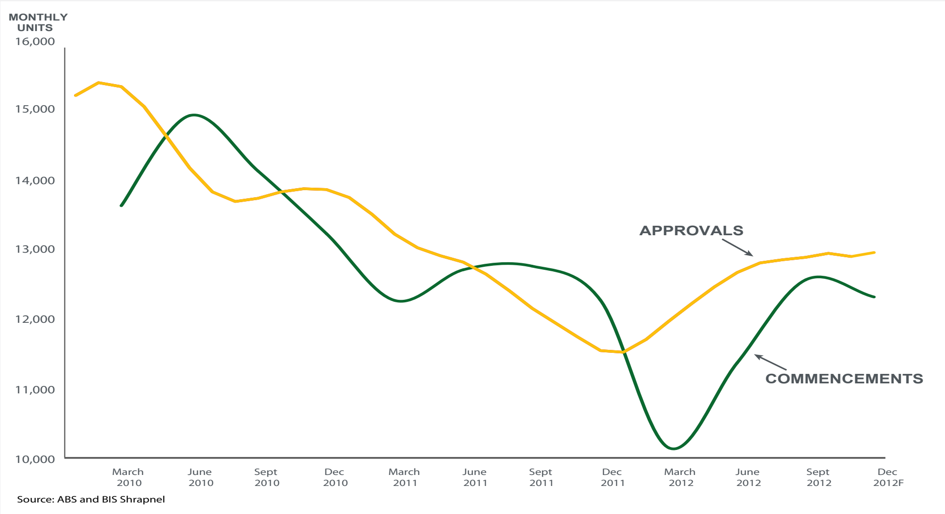
The finance facility with GE is primarily utilised for intra month[1] working capital funding

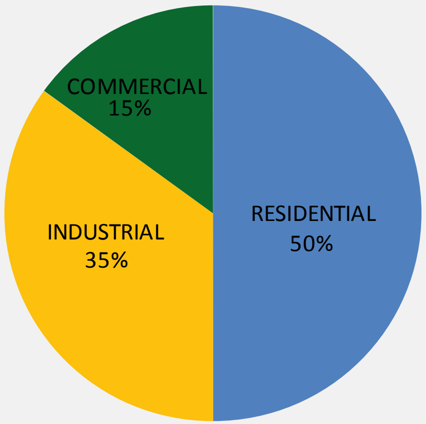
Capral Finance Facilities	$m Limit	$m Balance Dec 12	$m Balance Dec 11	$m Balance Dec 10
GE Term Debt	30	Nil	Nil	21.7
GE Revolver	60	Nil	Nil	-
ANZ Overdraft	0.4	0.2	0.3	0.3

[1] Intra month debt levels ranged up to $8m

LEVERAGE TO RECOVERY IN RESIDENTIAL CONSTRUCTION

MONTHLY DWELLING APPROVALS AND QUARTERLY DWELLING COMMENCEMENTS



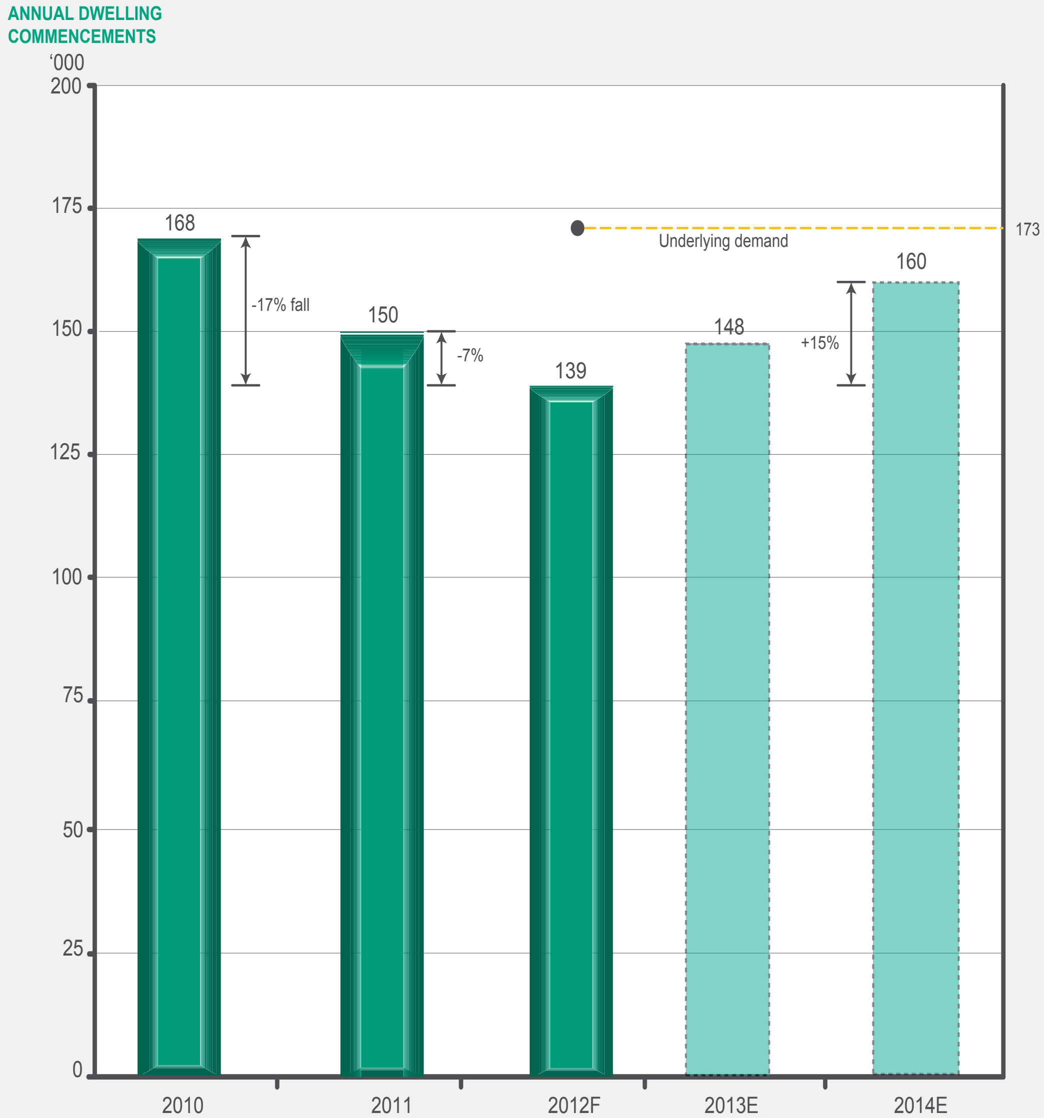


CAPRAL SEGMENT EXPOSURE

	UNDERLYING DEMAND ('000) 2012/13 - 2016/17 ANNUAL AVERAGE
New South Wales	43.2
Victoria	39.5
Queensland	42.1
South Australia	10.6
Western Australia	28.5
Tasmania	2.2
Northern Territory	2.3
A.C.T	2.6
Australia	**172.7**

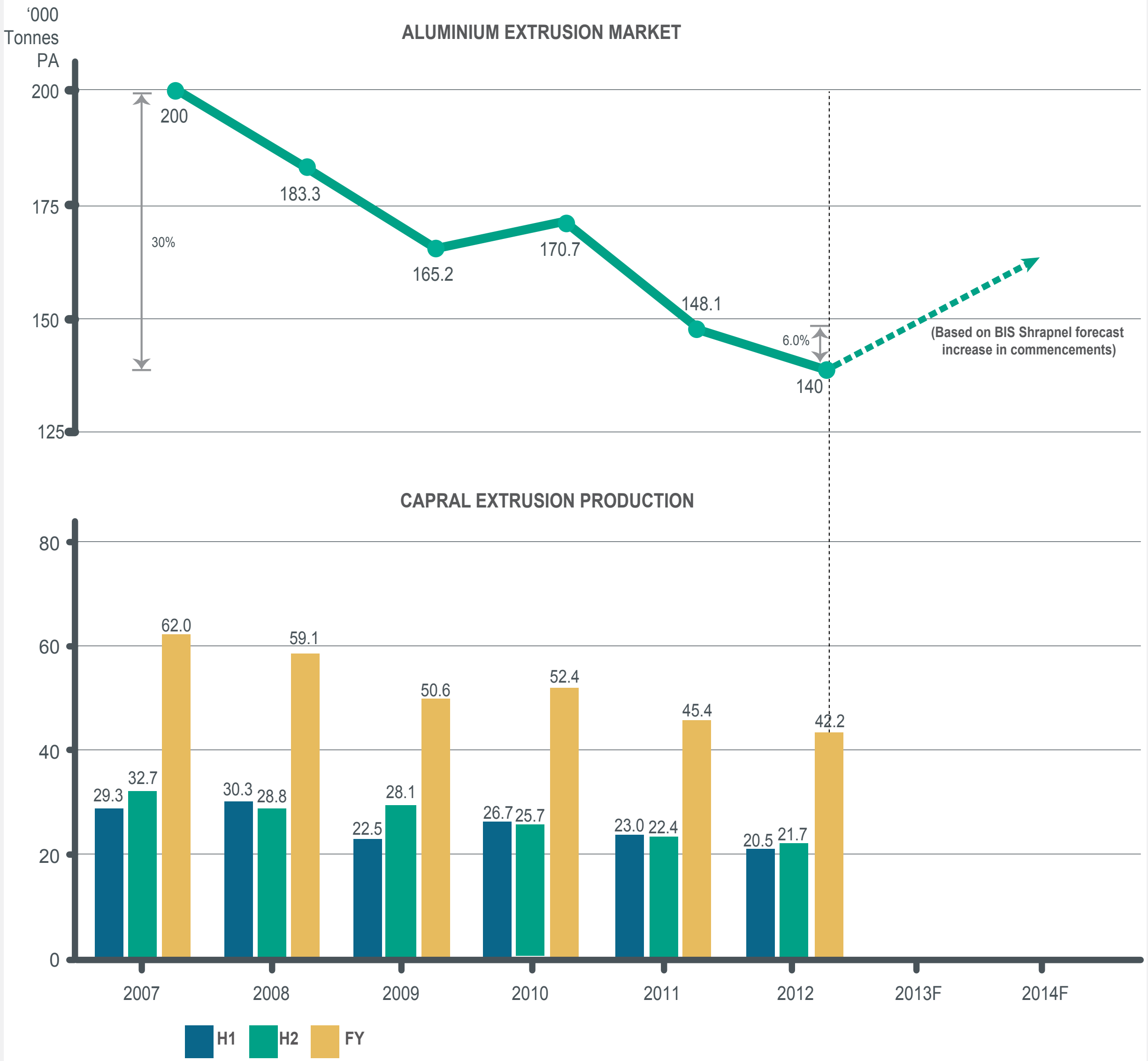
SOURCE: BIS SHRAPNEL MAY/JUNE 2012

COMMENCEMENTS ARE FORECAST TO RISE BY 15% BY 2014



SOURCE: BIS SHRAPNEL, JAN 2013

ALUMINIUM EXTRUSION DEMAND IS EXPECTED TO INCREASE IN 2013 FROM A CYCLICAL LOW



- Market has fallen 30% from its high in 2007 to the low in 2012 and is poised for a recovery

Note:

- Capral has maintained share at around 30%
- Imports have declined broadly in line with market demand
- Australian press capacity has expanded by ~20% in the last four years.

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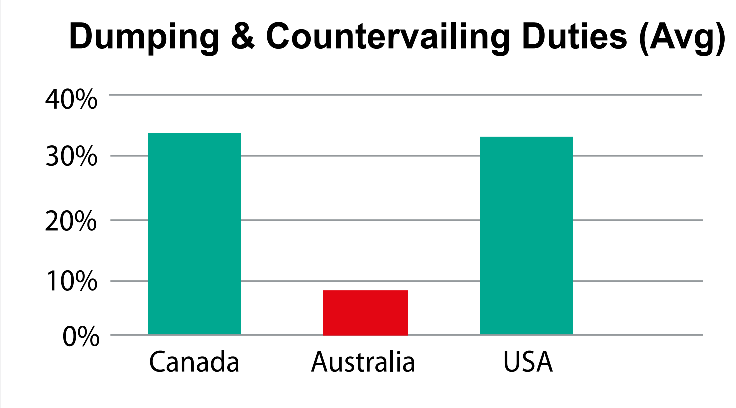
CAPRAL HAS BEEN AT THE FOREFRONT OF A CAMPAIGN TO REFORM AUSTRALIAN ANTI DUMPING REGIME

The impact of the imposed anti dumping measures to date has been modest

- Capral won a case in 2010 but the levels of duties are relatively low
- There are indications of a concerning level of circumvention by importers
- Some elements of the 2010 case are being contested by importers



Response

- The Australian Government is implementing an Anti Dumping reform agenda with 28 measures announced. Four tranches of legislation have now been approved by Parliament
- The Federal Government have set up a taskforce “Bluenet” to pursue anti circumvention activities
- Following a review by John Brumby (ex Premier of Victoria), the Federal Government in December 2012 announced a far reaching reform of the Trade Measures Branch of Customs

Key issues being pursued

- Achieve legislation change to enable the use of “surrogate” methodology in Australia, similar to the USA, Canada and the E.U.
- Further strengthen anti circumvention measures to capture surreptitious practices before the Border controls, as well as “sales at a loss” and “rebates” once the imports are in Australia.

SAFETY

Measure/Year	2008	2009	2010	2011	2012
Lost Time Injuries	15	7	16	12	4
LTI/MTI'S	41	31	43	31	21
LTI/MTI Frequency*	17.5	16.3	23.6	18.4	13.2
Hours Lost Through Injury	2,880	1,436	3,731	2,350	1,003
% Hours Lost	0.12	0.08	0.21	0.14	0.06

*** Frequency = No. of injuries per million work hours**

Safety performance improved again in 2012 with indicators at record lows

ENVIRONMENTAL

Capral is committed to minimising the environmental impacts of its extrusion and distribution activities. Capral has a relatively modest carbon footprint and is not included in the top 500 site emitters.

Emissions come from two sources:

		KTPA
Scope 1	Mainly from the use of gas for heating ovens	10
Scope 2	From electricity	40

At current production levels the additional direct cost from the carbon tax linkage to electricity charges is around $1.0m p.a.

CEO TRANSITION

- Phil Jobe is stepping down as CEO in mid April after four years in the role. Phil will remain as a non-executive Director of Capral and continue to spearhead the Anti Dumping advocacy

- Tony Dragicevich has been appointed as the CEO Designate. Tony is an experienced CEO with a relevant background in manufacturing and distribution in the building materials sector

  Previous roles include CEO and Managing Director of the Wattyl group, Chief Executive of the GWA Bathroom and Kitchens group, MD of the Red Paper group and GM of Tasman Insulation

- Capral has in place a capable, experienced and tenacious leadership team.

A COMPREHENSIVE STRATEGIC PLAN IS BEING IMPLEMENTED

DEFEND
What we have

- Leading Market Share
- Long term customer relationships
- Experienced and committed workforce
- Commitment to excellence
- National footprint of world class extrusion plants
- National distribution and logistics capability
- Largest product range
- Strong balance sheet

OPTIMISE
What we do

- Project Relaunch cost savings
- Local press transition
- Lean Manufacturing implementation
- Variablise the cost base
- Right size Bremer
- Rationalise the product range
- Exit unprofitable activities
- Pricing

GROW
In the future

- Leverage the inevitable housing cycle upswing
- Boost the internal distribution channel to market
- Develop innovative new products
- Target geographic and market channel initiatives
- Evaluate “Bolt ons” in the medium term.

and PURSUE A BETTER ANTI DUMPING OUTCOME

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OUTLOOK

- Housing commencements are forecast to be around 148k for calendar 2013, up 6% on the prior year, skewed to the second half
- A sustained high $A will continue to put pressure on pricing and gross margins and sustain import levels
- Project Relaunch cost savings are targeted to at least cover inflation and carbon tax impacts
- Following the closure of the Aluminium Smelter at Kurri Kurri NSW, Capral has secured billet supply including from imports. The payment terms on the billet imports and the revised credit terms from the remaining Australian billet supplier have significantly tightened

  This impact, along with the need for additional working capital associated with a rising market, and an anticipated rising LME, will result in a material cash outflow in H1 2013, partially reversing in H2 2013. Capral expects to cover the outflows and remain net cash positive at balance dates
- Current expectations are for trading EBITDA during H1 2013 to be broadly in line with H1 2012, whilst for FY13 it is expected to exceed FY12 provided the anticipated upturn in housing commencements eventuates.

CAPRAL IS WELL PLACED, WITH EXISTING CAPACITY TO LEVERAGE ANY DEMAND UPTURN.

THE STRATEGIC AND TURNAROUND PLANS ARE STRENGTHENING THE UNDERLYING BUSINESS.

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 70KT
- A network of 5 major distribution facilities, 6 regional centres and 7 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
- 790 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, with a 76 year heritage.

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 progressing well

- **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 under performing state operations
- Optimise the supply chain
- Implement sales growth initiatives

Corporate Costs
- Continue to right size

General
- "Fair" Anti Dumping resolution

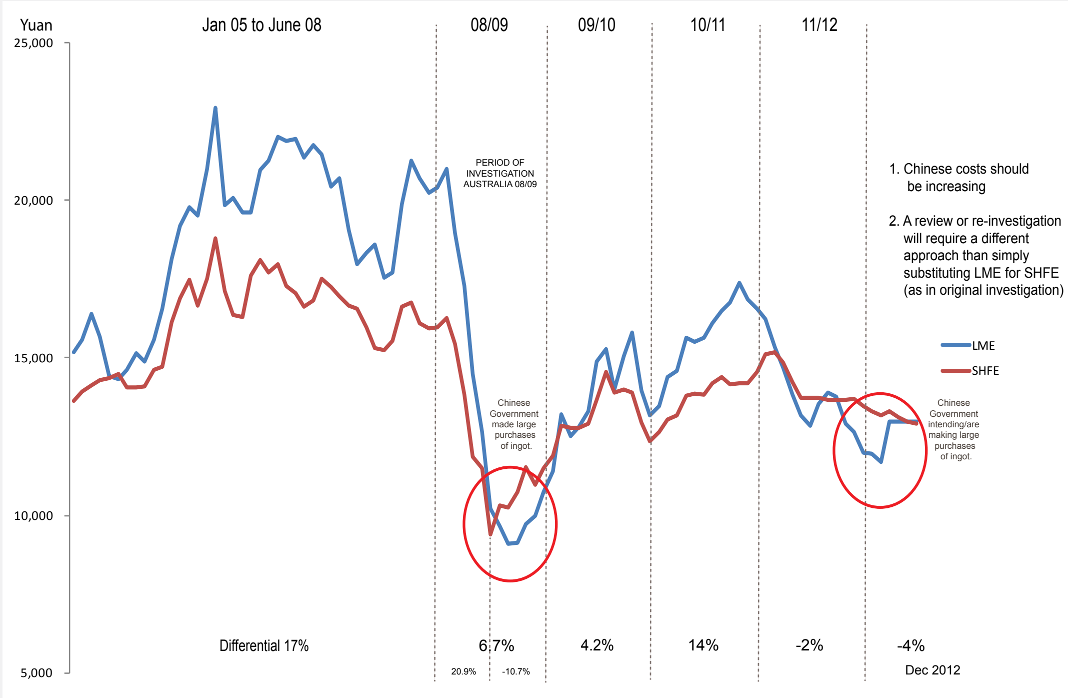
The Third Phase

- Leverage capability
- Pursue strategic growth options

THE GROWTH IN CHINESE EXTRUSION IMPORTS HAS BEEN ENABLED BY 3 KEY FACTORS

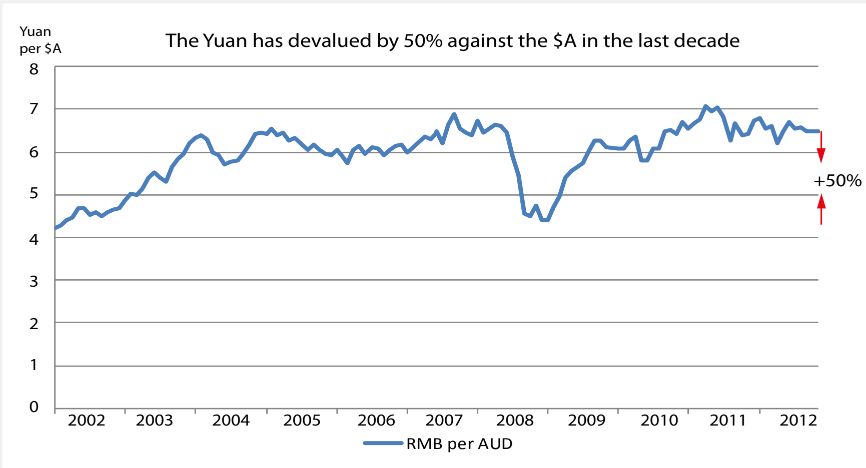
1. Subsidised Primary Aluminium

- Primary aluminium represents around 70% of Chinese extrusion costs
- Chinese extrusion companies are supplied primary aluminium at **up to 20% lower rates** than prevailing world prices (averaged 11% over the last seven years)



2. Chinese currency control (manipulated)

- The Chinese government set the Yuan rate
- Commentators say the Yuan is undervalued by 20% to 30%
- The Yuan has devalued by 50% against the $A in the last decade



3. Easy access to Australia

- Can access around 80% of the Australian market through 5 capital city mainland sea ports
- A benign Australian Anti Dumping Regime.

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APPENDIX 4

CAPRAL HAS A NATIONAL FOOTPRINT OF WORLD CLASS EXTRUSION PLANTS

Operational capability
Capral operates in all states and employs around 790 people

EXTRUSION PLANTS

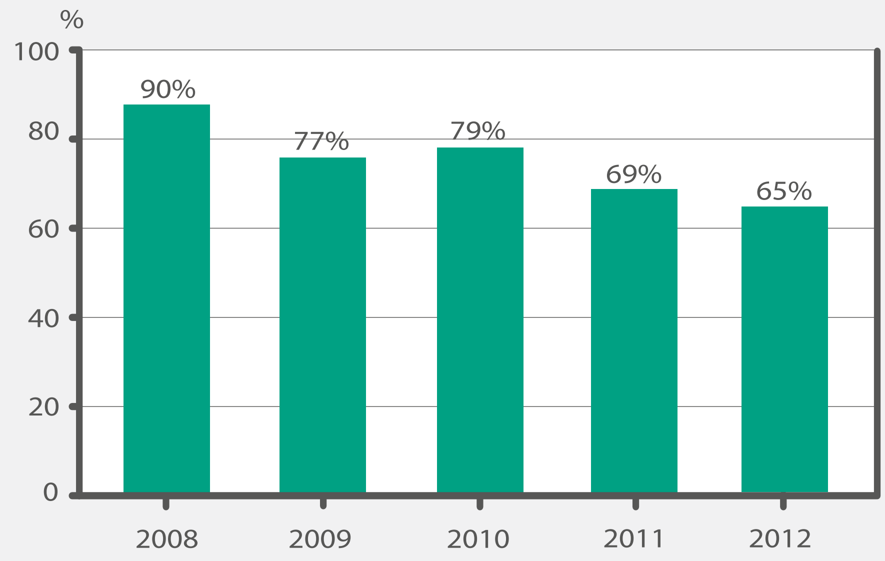
Location	Presses	Capacity (Ktpa)*	Finishing
Bremer (QLD)	2 x 7” 2 x 8”	34	2 x Vertical Paint 1 x Anodising
Campbellfield (VIC)	1 x 9/12”	8	1 x Horizontal Paint
Canning Vale (WA)	1 x 7”	7	2 x Horizontal Paint
Angaston (SA)	1 x 8”	9	1 x Vertical Paint
Penrith (NSW)	1 x 8”	8	-
	1 x 8” **	6	-
Operating Presses	8	66	

*Based on 3 shifts 5 days per week
**Mothballed

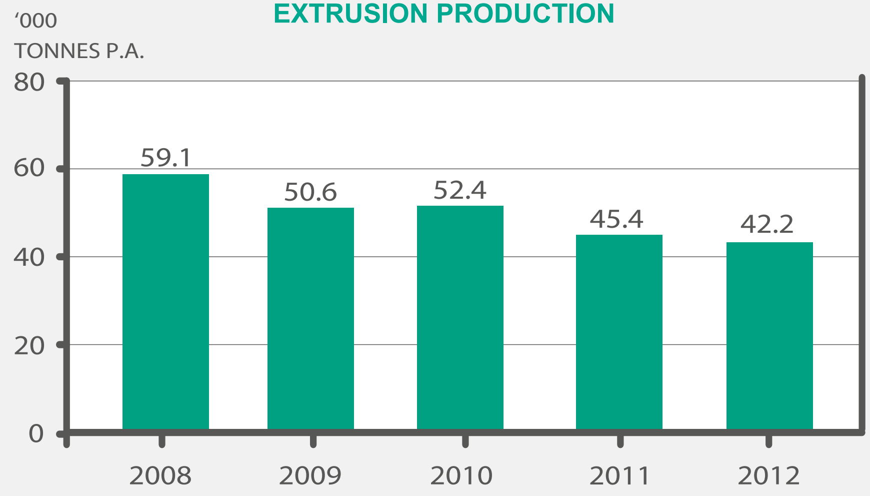
DISTRIBUTION

There are also 5 major Distribution Centres and 13 Aluminium Trade Centres/ Regional Warehouses.

EXTRUSION PLANT UTILISATION RATES



EXTRUSION PRODUCTION



APPENDIX 5

WELL INVESTED ALUMINIUM EXTRUSION PRODUCTION AND DISTRIBUTION SYSTEM, CLOSE TO END CUSTOMERS

- Capral is the only Australian extrusions producer with a manufacturing and distribution presence throughout the country
- World-class production system of five regional plants and eight operating extrusion presses
- Capral's Bremer Park plant was commissioned in 2004/5 and is Australia's leading production facility, with 34,000 tpa capacity and extensive finishing operations
- Nation-wide distribution system, with 18 locations close to end customers in major market centres.