2013 Half Year Results Presentation

19 August 2013

CAPRAL LIMITED

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

OVERVIEW OF RESULTS

SIX MONTHS TO JUNE 2013

Small trading loss in first half, results impacted by lower volumes

- EBITDA[1] loss of $0.7m, compared to $0.3m profit H1 2012
- Volumes down 6% on H1 2012
- Restructuring/Abnormal costs of $2.9m
- LME adjustment of negative $1.1m

Net Profit impacted by impairment charge

- Net loss of $52.6m includes an impairment charge on fixed assets of $41.5m primarily resulting from lower external market forecasts impacting volume projections
- Future depreciation charges will significantly reduce

Continued weakness in key markets with housing markets yet to turn

- Dwelling commencements down on forecast to 145,750 (2013f)[2]
  - Detached residential housing down 1.5%
  - Other residential (multi-dwelling) now 40% of total
  - Key markets VIC and QLD particularly soft
- Non-residential building activity remains slow
- General business conditions soft

Highly competitive environment

- Strong AUD prevailing for most of H1 sustained low priced imports
- Continued suspected dumping of aluminium extrusions into the Australian market
- Excess capacity utilisation by domestic competitors has adversely impacted margins

Safety performance continues to improve

- Reportable injuries continue to fall. TIFR[3] improved by 32% to 11.8
- Ongoing focus on leading safety indicator management

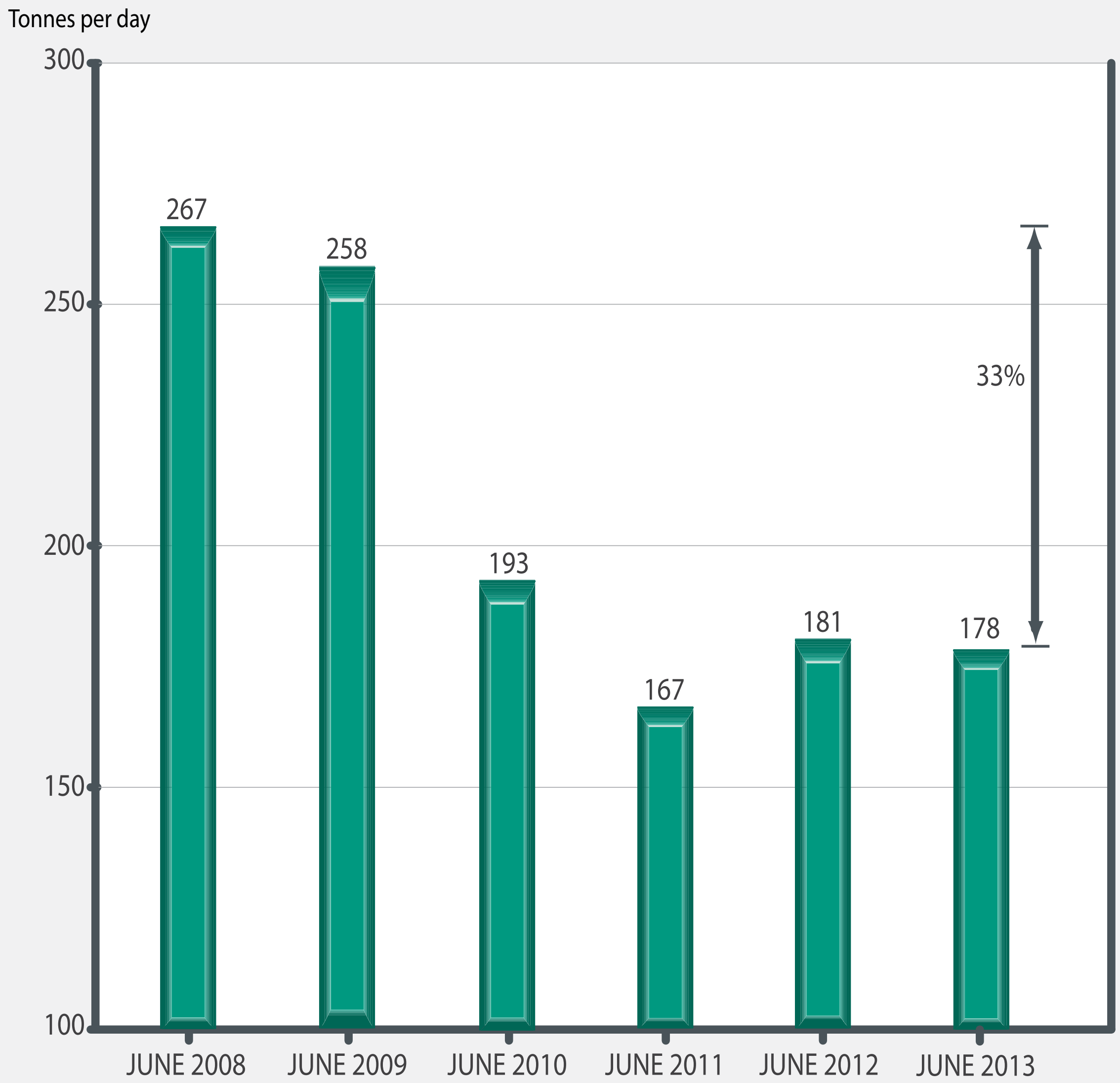
[1] EBITDA before LME adjustment, restructuring/abnormals and impairment
[2] Source: BIS Shrapnel July 2013
[3] TIFR is total injuries per million work hours

FINANCIAL SUMMARY

SIX MONTHS TO JUNE 2013

	H1 2013	H1 2012
Sales Volumes - External (‘000 tonnes)	20.6	22.0
	$m	**$m**
Sales Revenue	141.2	149.2
EBITDA **(before LME adjustment, restructuring/abnormals and impairment)**	**(0.7)**	**0.3**
Restructuring/Abnormals	(2.9)	(0.7)
LME revaluation adjustment	(1.1)	(0.2)
Impairment of Assets	(41.5)	-
EBITDA	**(46.2)**	**(0.6)**
Depreciation/Amortisation	(6.0)	(6.2)
EBIT	**(52.2)**	(6.8)
Finance Cost	(0.4)	(0.3)
Profit/(Loss) after Tax	**(52.6)**	**(7.1)**

THE FIRST HALF EBITDA[1] BREAK EVEN POINT OF THE BUSINESS HAS REDUCED BY 33% SINCE 2008



Underlying costs have reduced significantly.

- Further employee head count reduction of 49 since June 2012
- Manufacturing efficiency improved
- Metal recovery improvement
- Warehouse consolidation
- Aluminium Centres rationalisation
- Freight and Logistics efficiencies
- Procurement savings
- Corporate cost reductions.

June 2013

The breakeven point reduced further as a result of rationalisation and efficiency programs.

- Rationalisation of sales structure announced with resulting planned head count reduction of 25.

[1] **EBITDA before LME adjustment, restructuring/abnormals and impairment**

CAPRAL ALUMINIUM

BALANCE SHEET REMAINS STRONG

Operating Cash Flow

6 months to	$m Jun 13	$m Jun 12
EBITDA	(46.2)	(0.6)
Working Capital	(5.1)	3.8
Finance Cost	(0.4)	(0.3)
Equity Compensation Amortisation	0.6	0.4
Impairment	41.5	-
Other	(0.2)	0.2
Operating Cash Flow	**(9.8)**	**3.5**
Capex Spend	(1.4)	(2.2)
Increase/ (Decrease) in Net Cash	(11.2)	1.3

Balance sheet with a positive cash balance[1]

[1] Intramonth debt levels up to $15m

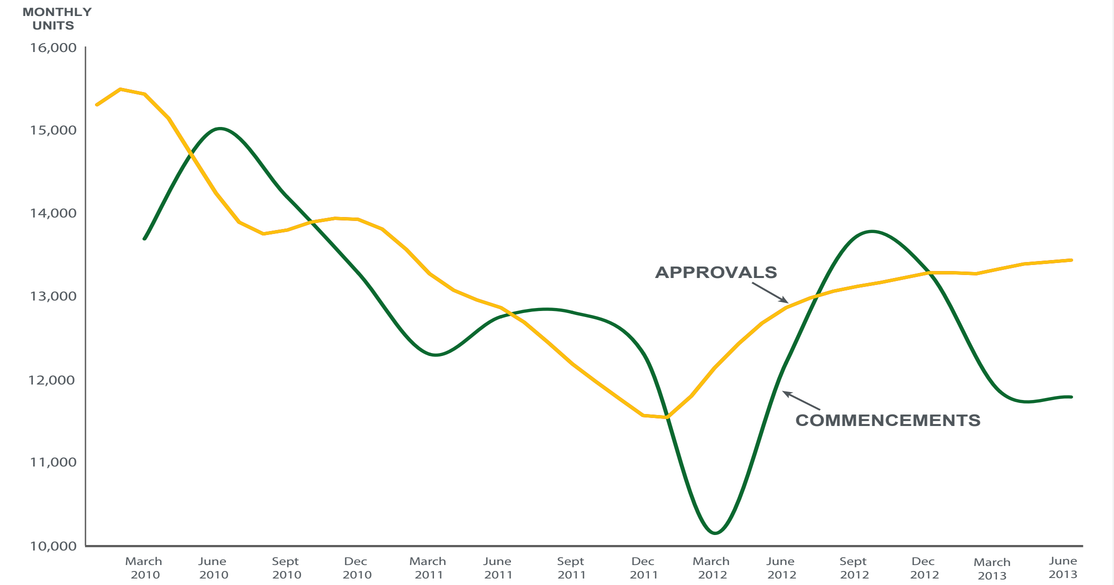
	$m Jun 13	$m Dec 12	$m Jun 12
Net Assets	94.8	146.7	149.5
Net Cash/(Debt)	8.5	19.7	16.0
Franking Credits	27.1	27.1	27.1
Accumulated unrecognised tax losses	289.0	282.2	281.4

The finance facility with GE is primarily utilised for working capital funding

Capral Finance Facilities	$m Limit	$m Balance Jun 13	Dec 12	Jun 12
GE Term Debt	30	Nil	Nil	Nil
GE Revolver	60	5.5	Nil	Nil
ANZ Overdraft	0.4	0.1	0.3	0.3

LEVERAGE TO RECOVERY IN RESIDENTIAL CONSTRUCTION

MONTHLY DWELLING APPROVALS AND QUARTERLY DWELLING COMMENCEMENTS



Source: ABS and BIS Shrapnel

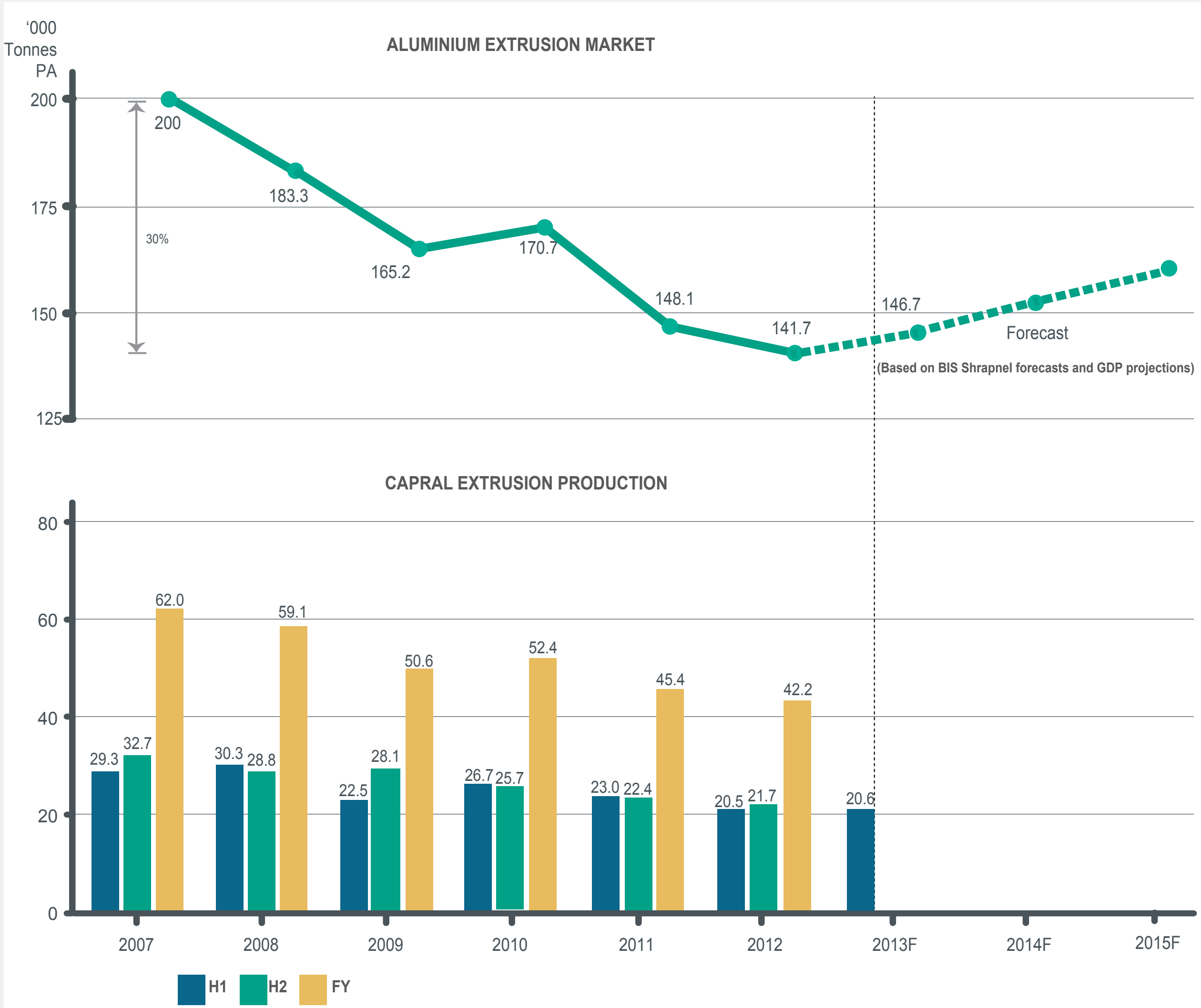
	UNDERLYING DEMAND ('000) 2012/13 - 2017/18 ANNUAL AVERAGE
New South Wales	41.4
Victoria	38.9
Queensland	42.0
South Australia	9.4
Western Australia	27.9
Tasmania	1.8
Northern Territory	1.9
A.C.T	2.1
Australia	**167.9**

SOURCE: BIS SHRAPNEL JULY 2013

COMMENCEMENTS DOWNGRADED FOR 2013 BUT FORECAST TO RECOVER BY 14% BY 2015

SOURCE: BIS SHRAPNEL, ABS
JULY 2013

ALUMINIUM EXTRUSION DEMAND IS EXPECTED TO RECOVER MARGINALLY FROM CYCLICAL LOW LEVELS



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

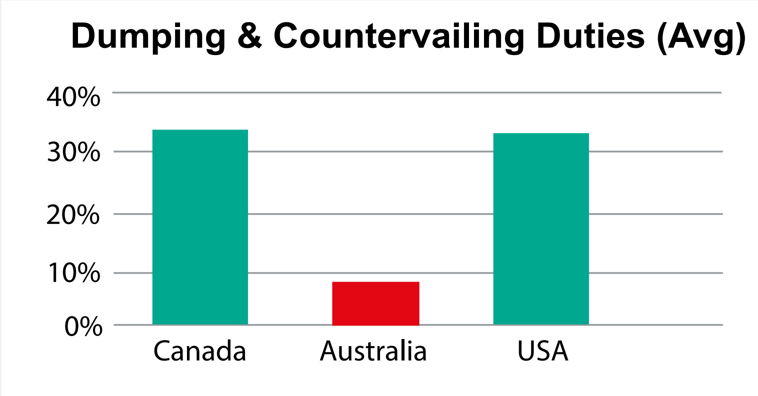
Note:

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

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 imposed are low relative to Canada and USA
- There are indications of a concerning level of circumvention by importers



Response

- The Australian Government is implementing an Anti Dumping reform agenda. Six tranches of legislation have now been approved by Parliament
- The Federal Government have set up a taskforce “Bluenet” to pursue anti circumvention activities
- A new stand-alone Anti Dumping Commission was established in June 2013

Key issues being pursued

- Achieve legislative change to enable the use of “surrogate” benchmarking methodology in Australia, similar to the USA, Canada and the E.U.
- Further strengthen anti circumvention measures

CAPRAL ALUMINIUM

OUR COMPREHENSIVE STRATEGIC PLAN CONTINUES TO BE IMPLEMENTED

BUILD
On our strengths

- Leading market share position
- Long term customer relationships
- Experienced and committed workforce
- Commitment to continuous improvement and customer service
- National manufacturing footprint
- National distribution and logistics capability
- Large product range

OPTIMISE
What we do

- Continue cost saving initiatives
- Restructure sales teams
- Lean manufacturing drive to world class productivity
- Continue to right size Bremer facility
- Optimise the supply chain
- Reduce inventory investment

GROW
In the future

- Leverage our technical expertise with key customers
- Improve customer interface tools
- Leverage the housing cycle upswing
- Grow the internal distribution channel to market
- Develop innovative new products
- Evaluate “bolt on” acquisitions that create value

and PURSUE A BETTER ANTI DUMPING OUTCOME

CAPRAL ALUMINIUM

OUTLOOK

- Business conditions in Australia are reported as being the lowest in four years with deterioration reported in finance, property, construction, transport and utilities[1]
- Manufacturing in Australia generally continues to encounter challenging conditions with subdued demand and rising input costs, exacerbated by negative consumer sentiment
- Housing commencements are forecast to fall to 145,750[2] for calendar 2013, well below underlying demand and earlier independent industry forecasts
- Key leading indicators in the new housing market are reported[3] as positive with new housing, land sales, finance approvals, interest rates, affordability and house prices all trending in the right direction
- In the absence of a market uplift or a reduction in the level of imports, Capral full year volumes are expected to be slightly below 2012
- The weakening AUD is a positive sign for local manufacturers and under normal circumstances would assist Capral's competitive position
- We continue to drive cost out of the business and cost saving initiatives are targeted to at least cover inflation
- Assuming slightly improved second half market conditions, the full year EBITDA[4] is expected to be between $2m and $5m
- Operating cash flow is expected to improve in the second half

[1] Source: NAB
[2] Source: BIS Shrapnel
[3] Source: HIA Economics (Aug 2013)
[4] EBITDA before LME adjustment, restructuring/abnormals and impairment