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SHAPING THE FUTURE

Australia's leading supplier of aluminium products and solutions



5 plants; 8 extrusion presses



18 distribution centres Australia-wide



Annual extrusion capacity 70k tonnes



Annual turnover ~\$450 million¹



Residential, commercial construction,
industrial



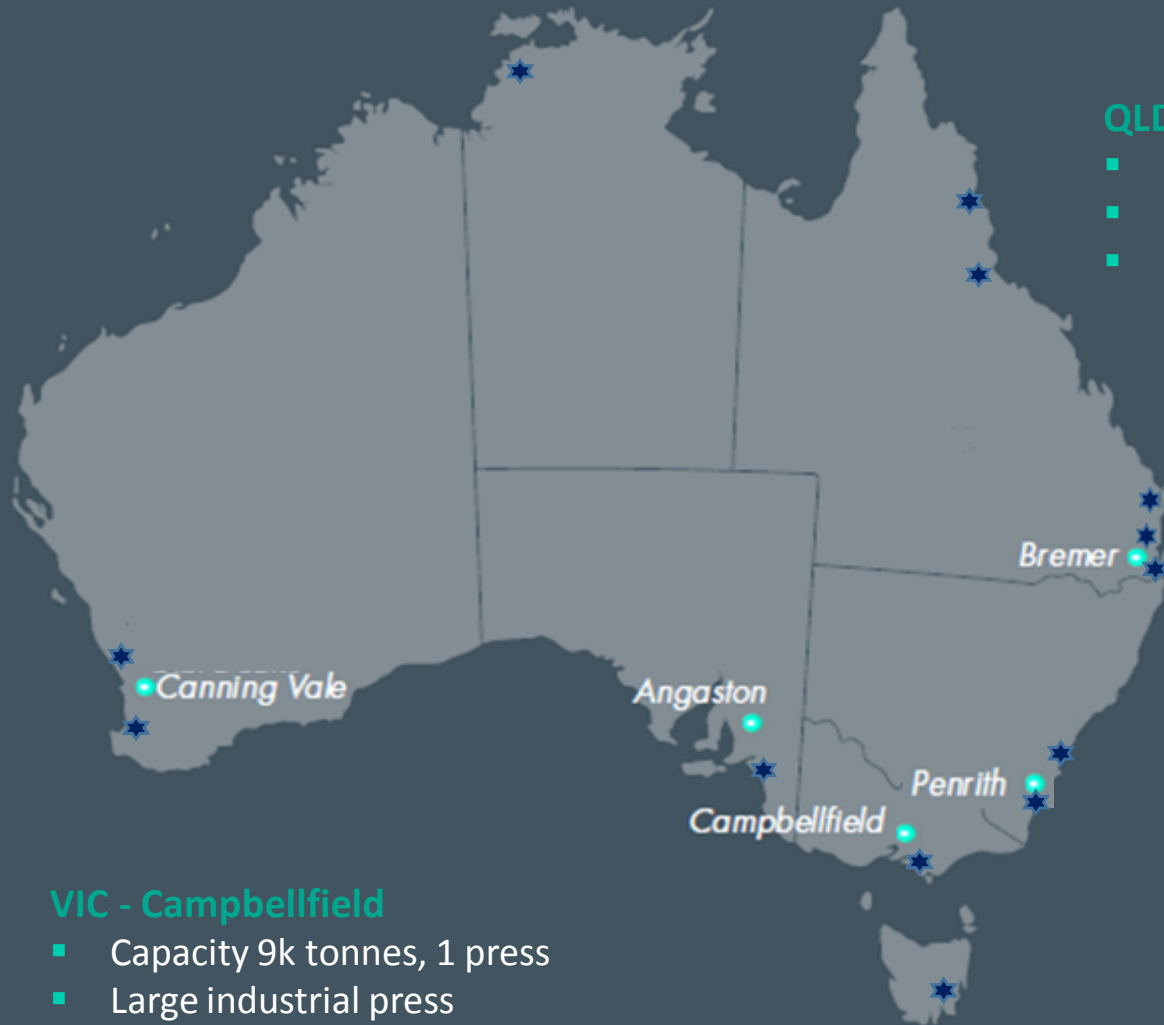
Over 1,050 FTEs



¹ 12 months to 31 Dec 2017

National footprint of aluminium extrusion plants and distribution centres

- Extrusion plants
- ★ Distribution centres



QLD - Bremer

- Capacity 35k tonnes, 4 presses
- 2 paint lines and anodising line
- 2018: Automated product handling project

WA - Canning Vale

- Capacity 8k tonnes, 1 press
- 2018: new paint line & warehouse consolidation

SA - Angaston

- Capacity 9k tonnes, 1 press
- 1 paint line

VIC - Campbellfield

- Capacity 9k tonnes, 1 press
- Large industrial press
- 1 paint line

NSW - Penrith

- Capacity 9k tonnes, 1 press
- Robotic packing project in commissioning stage

Agenda

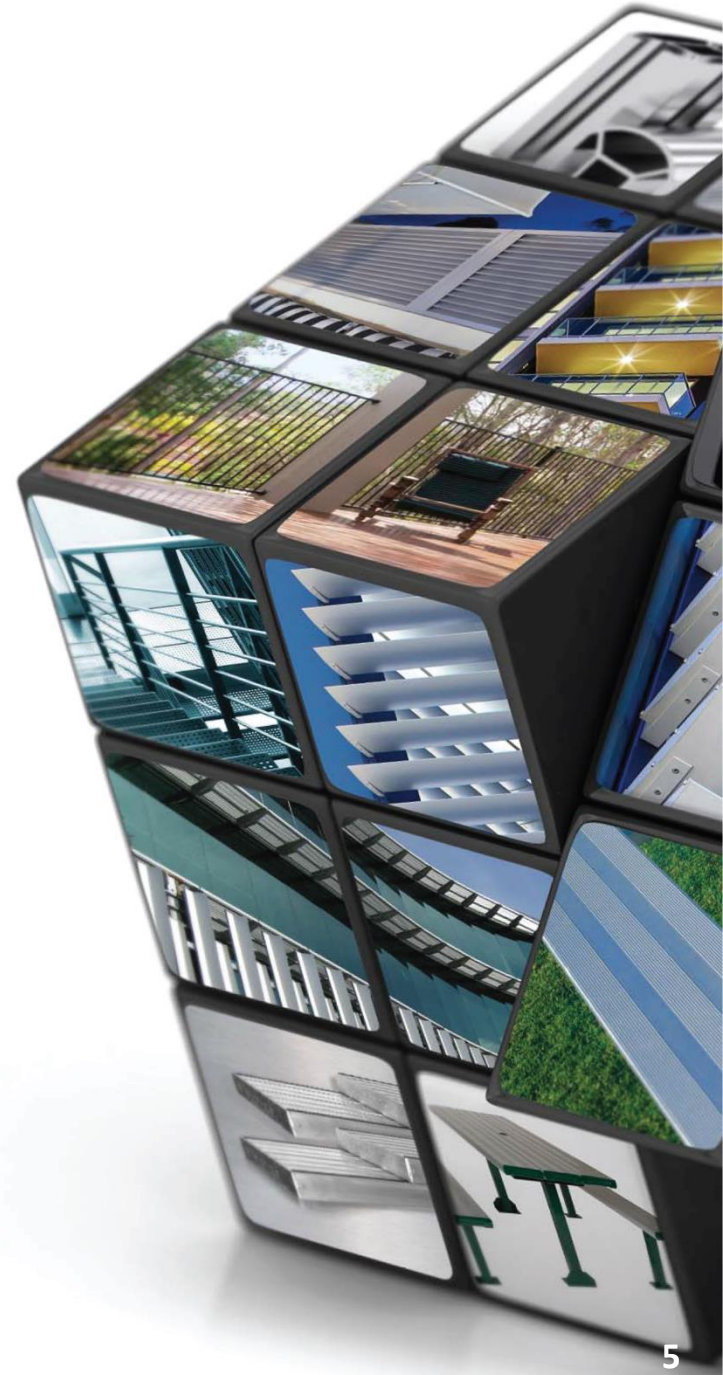
1. FY17 Highlights
2. FY17 Financials
3. Strategy and Outlook
4. Questions



FY17 Highlights

Tony Dragicevich, CEO & MD

“A strong second half delivered earnings at the upper end of guidance”



FY17 Performance Highlights

- Full year result at the upper end of guidance
 - Trading EBITDA¹ of \$18.4m (2016: \$20.3 m) and EBITDA of \$18.8m (2016: \$21.1m)
 - EPS 2.54c (2016: 3.02c), DPS maintained at 1.25c (fully franked)
 - Second highest earnings in 7 years
 - Volumes in line with LY but margins impacted by higher Aluminium costs (LME)
- Industrial sector relatively strong
- Housing market slowed
- Strong balance sheet and net cash of \$34.4m
- Anti-dumping activities continued with new cases initiated
- Safety performance improved; TRIFR² at 13.1 (2016: 15.5)

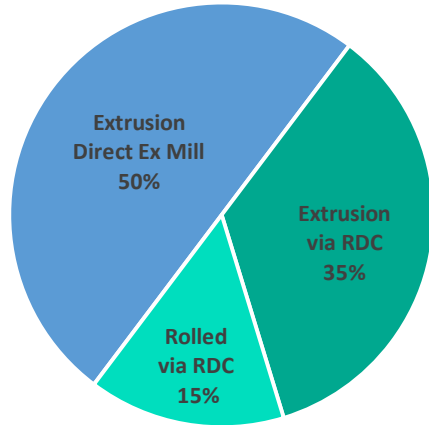
¹ See Important Note (page 14)

² TRIFR is total reportable lost time and medically treated injuries per million work hours



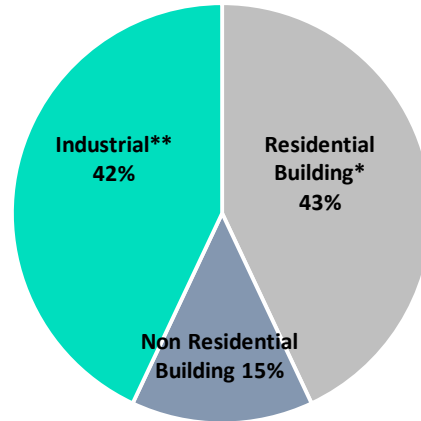
Volume Breakdown

Channels to market (volume)



Source: Capral
RDC: Capral Regional Distribution Centre

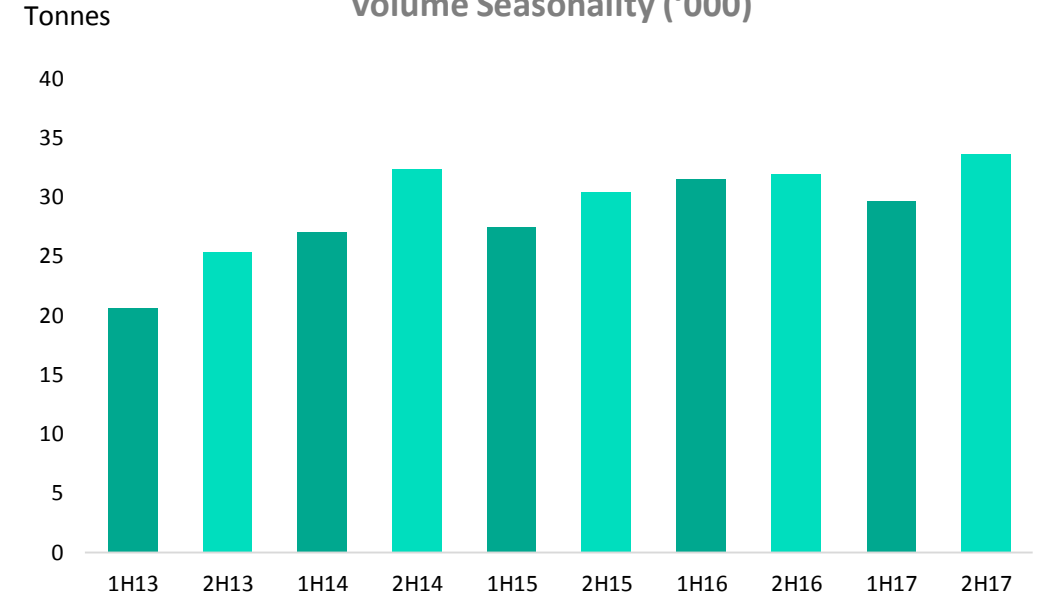
Diverse industry exposure



* Residential building includes additions and alterations
** Industrial includes transport, marine and other manufacturing sectors

- ~85% of total volume extruded in our Mills
- ~15% of total volume is rolled (sheet & plate) and predominantly used in industrial applications

Volume Seasonality ('000)



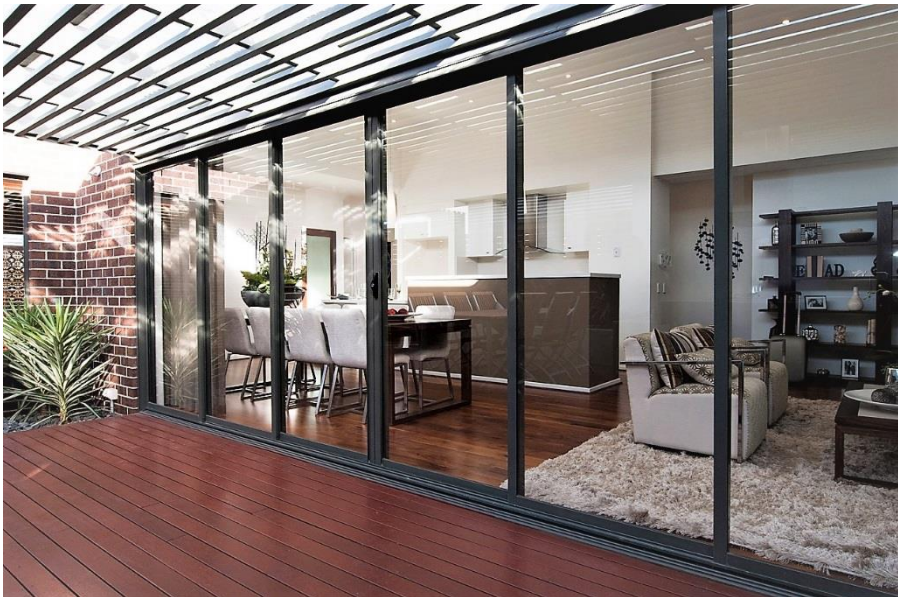
Source: Capral

- 2017 saw normal seasonality with H2 stronger than H1
- H2 performance driven by growth in commercial construction and key industrial markets (manufacturing, transport and marine)
- Import competition and surplus domestic capacity continue to impact volumes and selling prices

Where Capral's residential & commercial products end up



Beach House – St Andrews VIC



Project Home



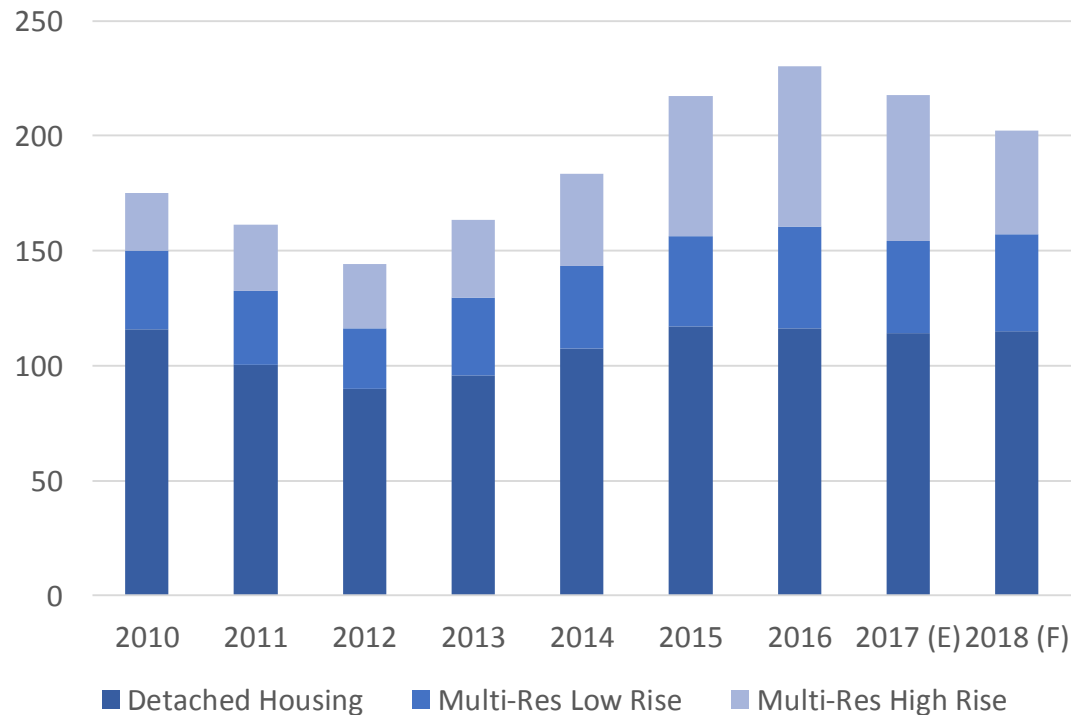
Walan Apartments - Brisbane



Adagio Apartments - Perth

Conditions softening in Residential market

Annual Dwelling Commencements¹ ('000)



- Residential commencements slower
 - Detached housing, Capral's primary market, fell 2%¹ during 2017
 - Multi-Residential decreased by 9%¹
- Facade Solutions division established in 2017
- Strong pipeline in residential work, which accounts for around 43% of Capral's volume
- Weakness in Western Australia and North Queensland housing markets during 2017

¹ Source: BIS Oxford Economics Nov 2017 forecast (2 quarters delayed)

Where Capral's industrial products end up



Perth Stadium



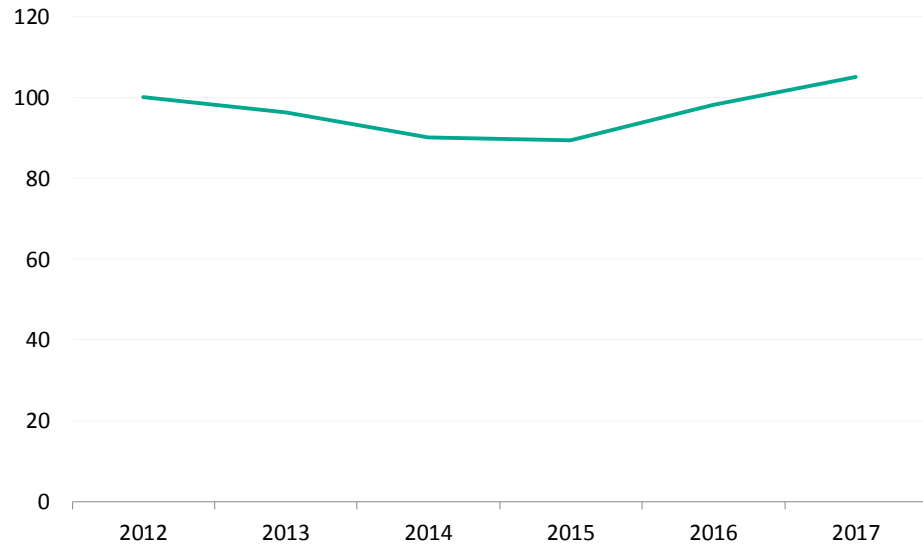
Fred Olsen Trimaran - Spain



Maxi CUBE Tautliner

Industrial sector robust

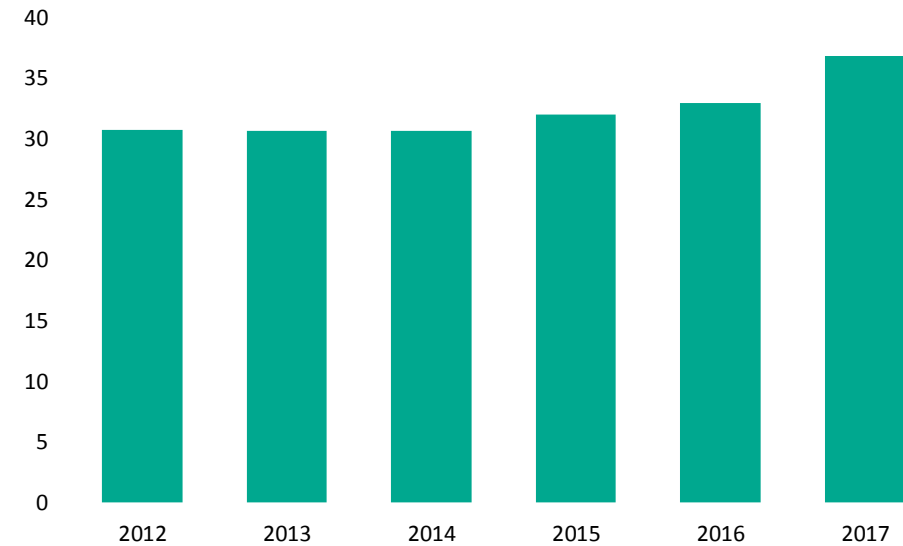
Total Capral Industrial Volumes (Index 2012)



Source: Capral

- Transport segment growing
- Growth driven by infrastructure projects and fleet replacement
- Marine sector recovering
 - Commercial ferries strong
 - Expect to benefit from future Defence builds through Government ship building program
- Manufacturing and general fabrication remained steady

New Truck and Van builds¹ ('000)

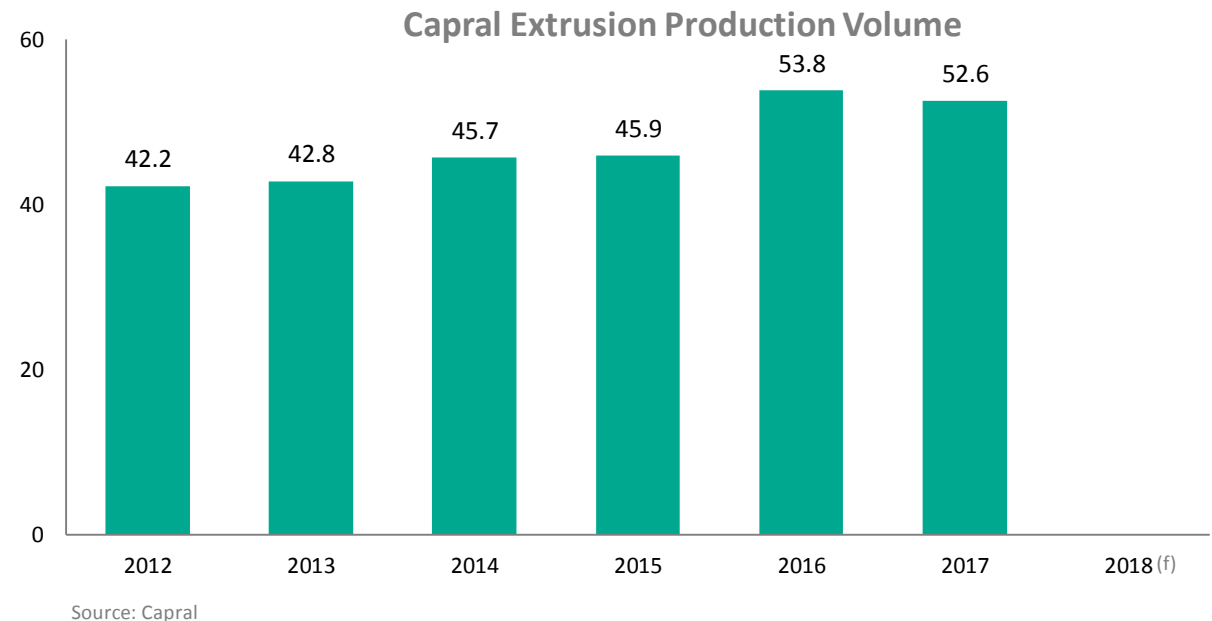
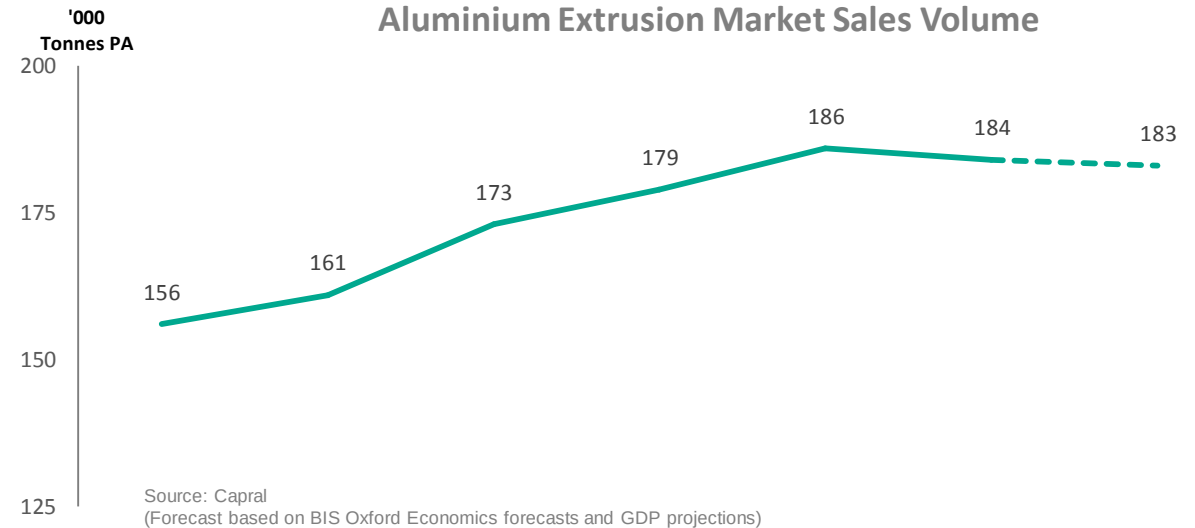


¹ Source: TIC (Truck Industry Council of Australia) (Prime Mover Magazine) – Feb '18

- 12% increase in new builds on 2016
- Truck builds strongest in 10 years
- Positive end to 2017 indicates solid 2018

Extrusion market remains relatively strong

- Extrusion market grew in 2016 but was marginally lower in 2017 due to a slowdown in residential construction
- Non-residential building demand was better than expected, growing by more than 10%¹
- Key industrial sectors (manufacturing, marine and transport) were relatively strong
- Capral has an estimated 29% share of the Australian Aluminium extrusion market
- Import market share has fallen to ~34%, from a high of 40%
- Excess domestic extrusion capacity still exists but utilisation has improved



¹ Source: BIS Oxford Economics November 2017 forecast (2 quarters delayed)

FY17 Financials

Tertius Campbell, CFO

"Cash flow generation continues to improve, enabling the business to invest in operational improvement projects"



Result at the upper end of guidance

- Stronger H2 in line with historical pattern
- H2 volume offset the H1 shortfall resulting in total volume in line with LY
- Selling prices continue to be under pressure due to imports from SE Asian countries
- Margin impacted by:
 - Aluminium price (LME) increased from an average of \$US 1,600 in FY16 to finish FY17 at \$US 2,250
 - Lower capacity utilisation in H1
- FY17 earnings also impacted by reduction in WA demand
- Fully franked dividend maintained at 1.25c

Important Note

¹Trading EBITDA is presented with reference to the ASIC Regulatory Guide 230 "Disclosing non-IFRS financial information" issued in December 2011. Trading EBITDA is Statutory EBITDA adjusted for significant items that are material items of revenue or expense that are unrelated to the underlying performance of the business. Capral believes that Trading EBITDA provides a better understanding of its financial performance and allows for a more relevant comparison between financial periods. These items are LME and Premium revaluations, and costs relating to restructuring and are non-recurring in nature.

	FY17	FY16
Sales Volume ('000 tonnes)	63.2	63.4
	\$m	\$m
Sales Revenue	448.7	424.8
Trading EBITDA¹	18.4	20.3
LME Revaluation ²	0.6	1.0
Other one off costs ²	(0.2)	(0.2)
EBITDA	18.8	21.1
Depreciation/Amortisation	(5.8)	(5.9)
EBIT	13.0	15.3
Finance Cost	(0.9)	(0.9)
Profit after tax	12.1	14.4
Basic earnings per share (cents)	2.54	3.02
Dividend per share (cents)	1.25	1.25

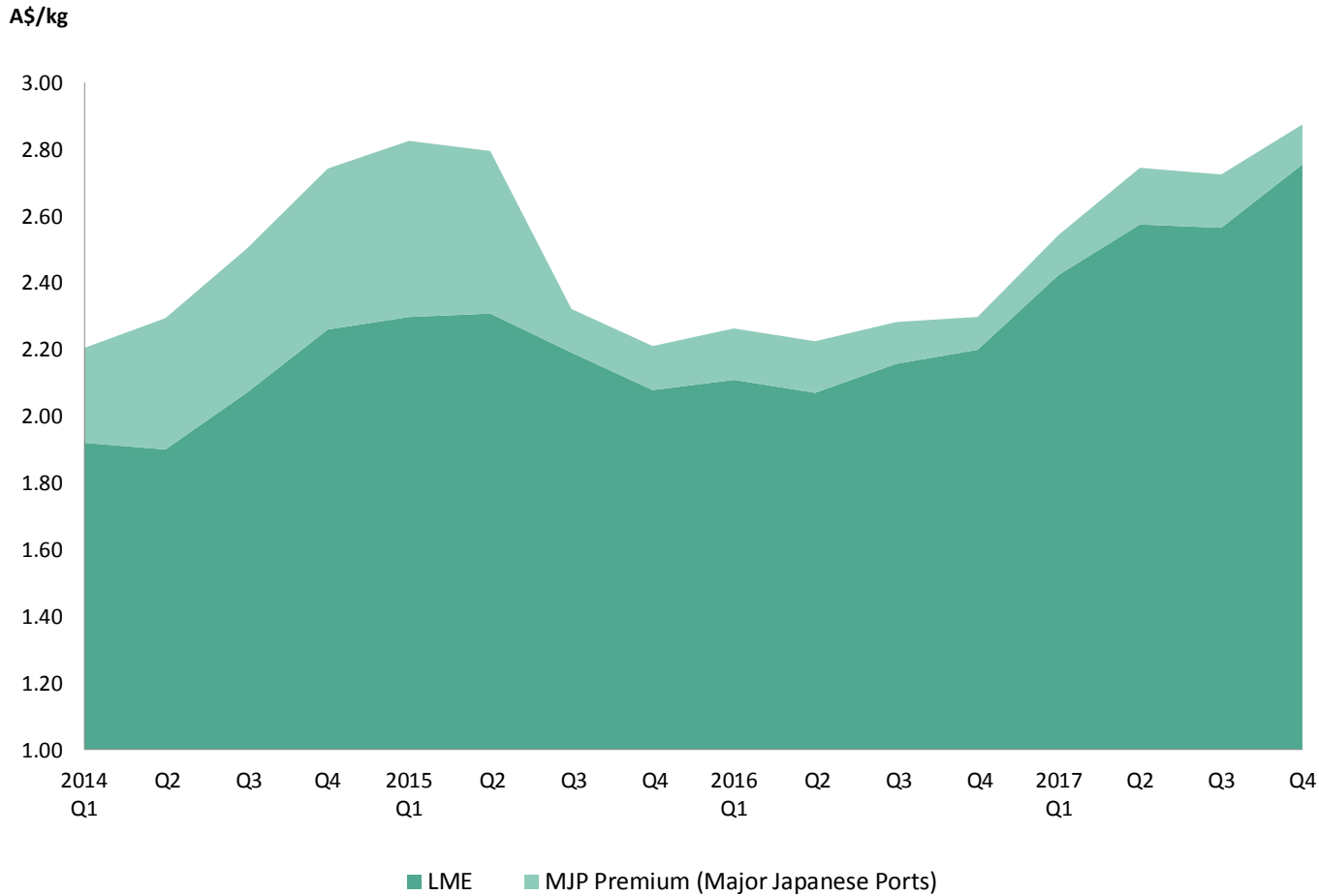
¹ See Important Note

² Included in other expenses

Source: Capral

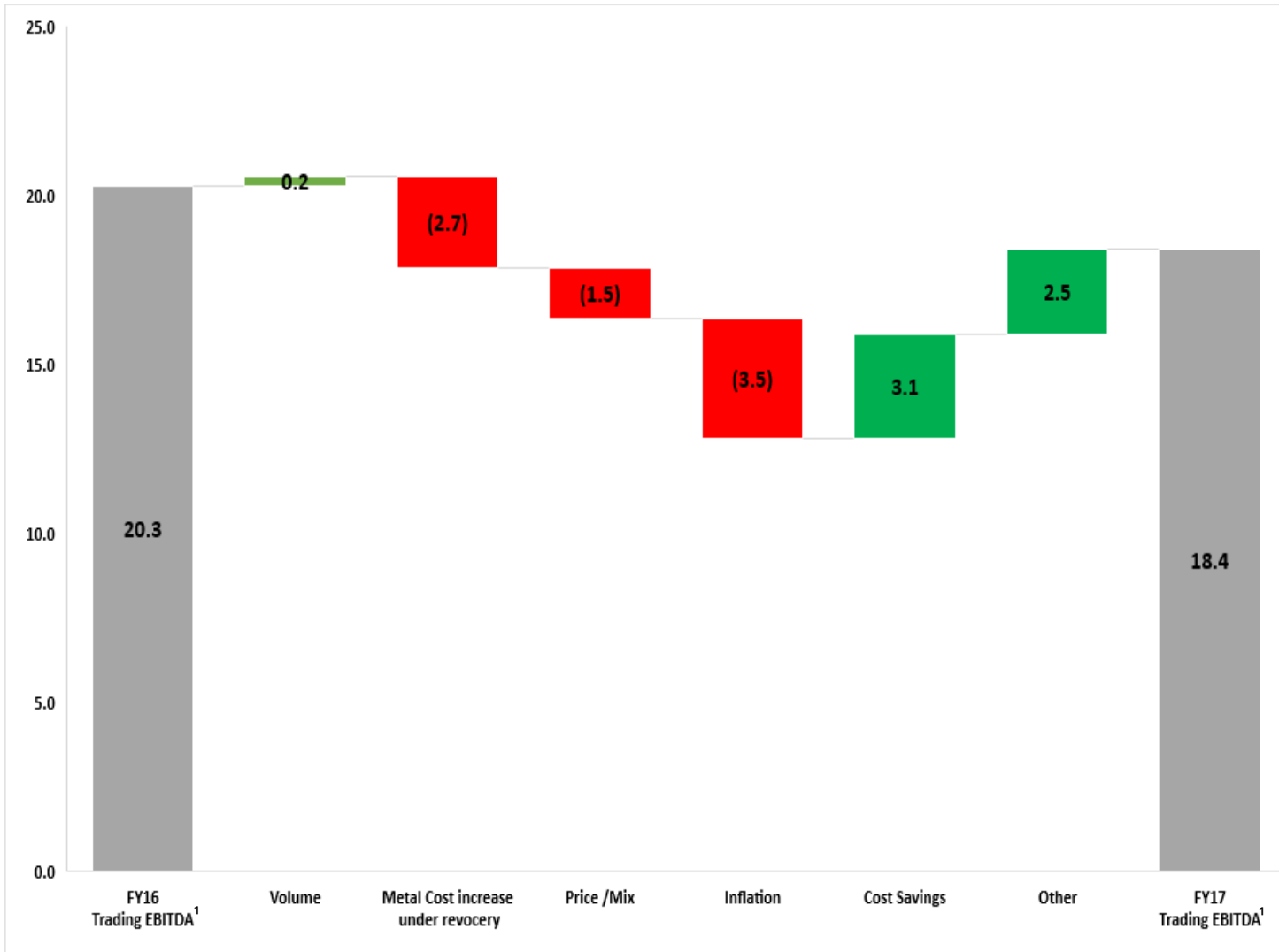
Margins impacted by significant rise in LME during 2017

Metal Cost



- LME (USD) continued its rise in H2, increased ~23% in FY17 vs prior year average
- Total Metal Cost (AUD) increased ~20% over the same period
- Capral was unable to fully recover the higher metal cost during the period
- Customer pricing arrangements
 - LME based contracts (~50% of volume)
 - Monthly
 - Quarterly
 - Fixed price and price list

Increased aluminium cost significantly impacted profit



- Reduction in extrusion volume offset by increase in rolled product
- Under recovery of higher metal cost
- Inflationary pressure

¹ See Important Note (page 14)

Financial position supports re-investment

	FY17 \$m	FY16 \$m
EBITDA	18.8	21.1
Working Capital	(3.0)	(5.0)
Finance Cost	(1.0)	(0.8)
Other	0.2	0.3
Operating Cash Flow	15.0	15.6
Capex Spend	(6.2)	(4.3)
Dividend Paid	(5.9)	-
Increase in Net Cash	2.9	11.3

- ANZ facility of \$50m secured until January 2019
- Capex spend higher due to initiation of productivity projects
- Material cost rose in line with LME increases
- Strong cash generation in H2

	Dec 17 \$m	Dec 16 \$m
Current Assets		
Inventory	77.0	75.2
Trade Receivables	68.0	63.1
Net Cash and Equivalents	34.4	31.4
Other	0.7	1.4
	<u>180.1</u>	<u>171.1</u>
Current Liabilities		
Trade Payables	(74.0)	(73.1)
Provisions	(12.6)	(11.1)
Other	(0.8)	(0.1)
	<u>(87.4)</u>	<u>(84.3)</u>
Net Current Assets	92.7	86.8
Non Current Assets	45.2	44.1
Non Current Liabilities	(5.0)	(5.6)
Net Assets	<u>132.9</u>	<u>125.3</u>
Net Tangible Asset Value (NTA)	129.7	122.3
NTA per share	27.2c	25.8c
Franking Credits	24.6	27.1
Accumulated Unrecognised tax losses	281.2	286.6

- Low risk capital structure with no debt
- Stock holding in tonnes in line with prior year
- Inventory and Receivables impacted by higher aluminium costs of ~ \$6.0m

Strategy and Outlook

Tony Dragicevich, CEO & MD

"Invest in technology to ensure Capral's long term competitive position"

BUILD

On our strengths

OPTIMISE

What we do

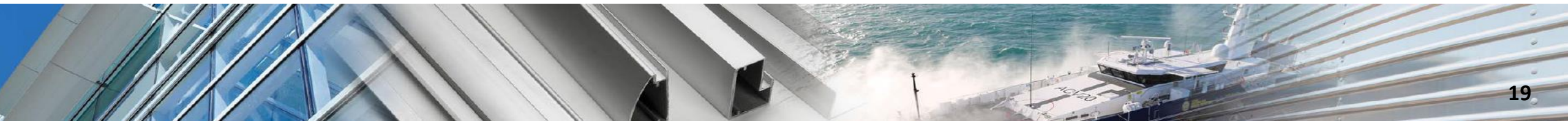
GROW

For the future



Key Capital Investment Projects to improve competitiveness

- Plans and strategies implemented over recent years have reduced operating costs and lowered Capral's breakeven point
- Invest in automation and new technology in extrusion plants to further reduce operating costs (2018 Capex ~\$10m)
 - Automated product handling and packing installation at Bremer Park, QLD
 - Robotic packing line at Penrith, NSW
 - Investment in latest paint line technology at Canning Vale, WA
- Invest in baling equipment to improve scrap recycling rates and recover higher prices
- Warehouse consolidation in WA
 - Relocate distribution centres into an extension at the Canning Vale extrusion site
- Invest in technology to deliver better efficiency and service
 - Increase online sales through Capral's E-Store
 - CRM system successfully implemented to improve salesforce efficiency and customer service
 - Continue to develop website functionality for customers and specifiers



Dumped imports suppress prices and injure local industry

2010 – Modest impact from initial measures on Chinese imports

- Case won in 2010 with low level duties imposed on Chinese imports
- Circumvention activities diminished the impact of initial measures

2014 – Anti-Circumvention

- Anti-Circumvention case initiated and successfully prosecuted against largest Chinese exporter/importer (Duties imposed Feb 2015)

2015 – Measures increased

- Reforms to federal legislation & methodology
- Oct 2015: Anti-Dumping Commission imposed increased measures on Chinese imports to 2020

2017 – New cases initiated

- Measures imposed against all imported extrusions from Vietnam and some Malaysian sourced imported extrusions
- Nov 2017: a review completed of variable measures affecting imports from China; resulted in generally higher measures
- New cases against Thailand and two Chinese exporters
- Anti-Circumvention transshipment case initiated

2018 →

- Continue to interact with Government around strengthening the anti-dumping regime
- Continue to monitor and pursue anti-circumvention /non compliance activities
- Decisions expected on new cases initiated last year

Outlook

- Capral is well-positioned to benefit from market conditions
- Commentators are forecasting a gradual fall in LME¹ during 2018
- AUD ~\$US0.80 through 2018²
- Housing commencements are expected to soften³
 - Slowdown mainly driven by high density dwellings
 - Demand for detached dwellings forecast to remain at relatively high levels
- Extrusion market expected to remain relatively strong
- Capral will continue to play a leading role in the pursuit of fair trade by:
 - Initiating new anti-dumping cases
 - Pursuing circumvention activities
- FY18 Trading and Statutory EBITDA⁴ expected to be broadly in line with 2017, absent any unforeseen events, and on this basis, Capral would again be in a position to consider a franked dividend.

¹ Source: Harbor Aluminium Intelligence Unit / ANZ – September 2017

² Source: ANZ – September 2017

³ Source: Source: BIS Oxford Economics Nov 2017 (2 quarters delayed)

⁴ See Important Note (page 14)

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



Questions

