CAPRAL ALUMINIUM

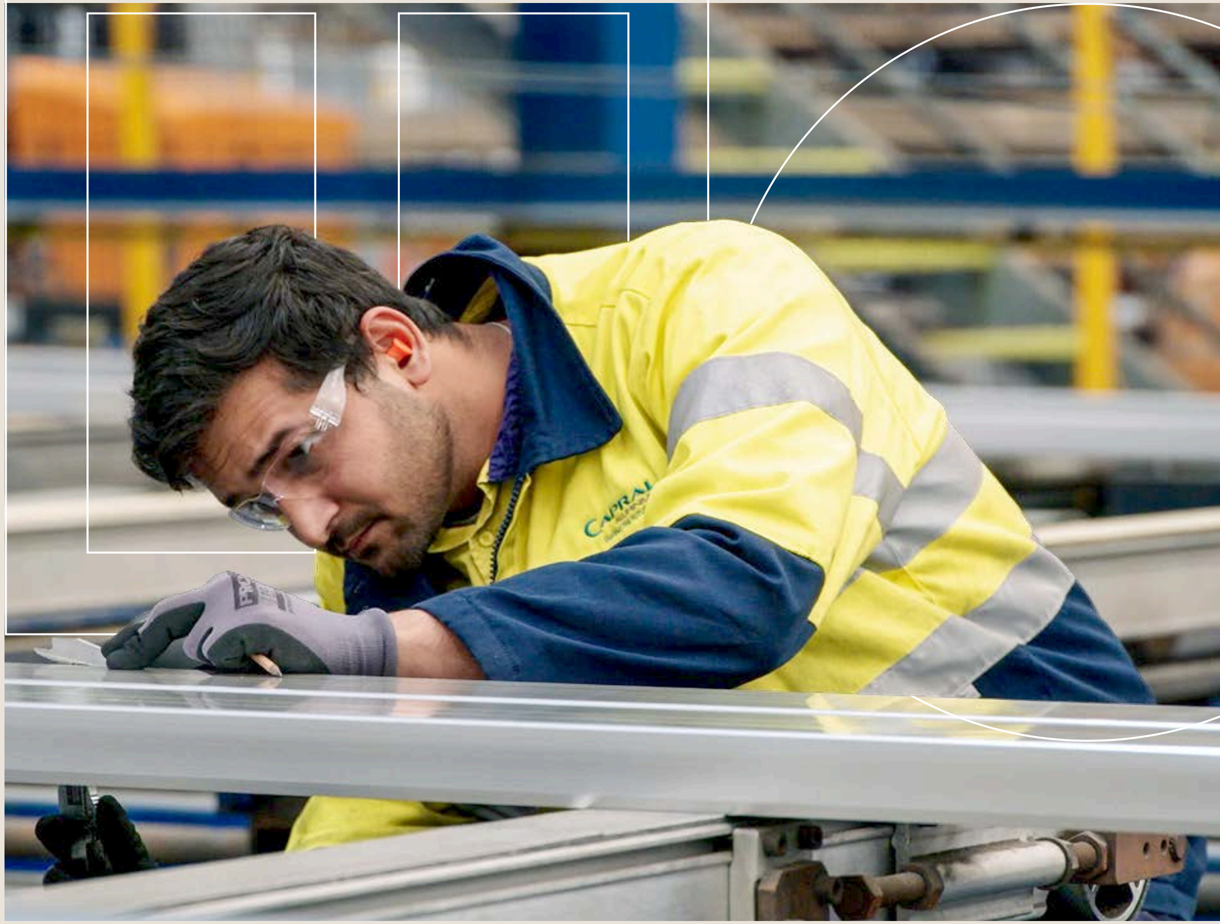
2023 HALF YEAR RESULTS
PRESENTATION AND EARNINGS GUIDANCE

17 August 2023
Capral Limited (ASX:CAA)
15 Huntingwood Drive, Huntingwood NSW 2148
Approved and authorised by Capral's Board of Directors

Our Capability
Our Success

Agenda

1 Business Overview
2 1H23 Highlights
3 1H23 Financials
4 Strategy
5 Outlook & Guidance



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Our business at a glance

Australia's leading supplier of aluminium extrusion and rolled products

#1

Extrusion
Manufacturer

#1

Supplier of
Industrial Aluminium Extrusions

#1

Distributor of
Rolled Aluminium Products

#2

Distributor of
Commercial Window and Door Systems

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Our business at a glance

6 Plants

8 Extrusion Presses

65,000 tonnes of annual extrusion capacity

8 Distribution Centres

12 Trade Centres

Key Markets

Residential and Commercial Construction
Industrial

Market Share

~27%

Annual Turnover

~$680 million[1]

[1] Last 12 months

Total Assets

~$430 million

Employees

1000+

Derisked the business and increased our capability for future success

Key Milestones and Events

2018

- Bremer packing/bundling automation $5m
- Canning Vale paintline $3m
- Canning Vale site consolidation
- Building Systems range upgrade starts

2019

- Bremer restructure
  - Cost $6m
  - Savings $10m p.a.
- Significantly de-risking the business
- Established Building Systems division

2020

- COVID impact
- Market rebound H2
- Australian made sentiment grows
- China dumping duties extended for 5 years

2021

- Smithfield acquisition $10m
- Achieved industry leading safety performance
- NSW distribution site and Corporate Office relocation to Huntingwood
- Sustainability journey to net zero begins

2022

- Record high LME
- Penrith upgrade $4m
- Huntingwood paintline $4m
- Trade Centre footprint expansion
- LocAl® introduction
- Building Systems new range and software released

Strategic National Footprint

Capral has a national footprint with a presence in every state and Extrusion plants near five mainland capital cities

Distribution Centres

Queensland
1. Cairns AC
2. Townsville RDC
3. Sunshine Coast (Kunda Park) AC
4. North Brisbane (Deception Bay) AC
5. Bremer Park RDC
6. Brisbane (Springwood) AC
7. Gold Coast (Burleigh Heads) AC

New South Wales
8. Newcastle AC
10. Huntingwood RDC
11. Rockdale AC
13. Wollongong AC

Victoria
14. Lynbrook AC
15. Campbellfield RDC
16. Laverton AC

South Australia
18. Kilburn RDC

Western Australia
19. Canning Vale RDC
20. Welshpool AC
21. Wangara AC

Northern Territory
22. Darwin RDC

Tasmania
23. Hobart RDC

RDC - Regional Distribution Centre
AC - Aluminium Trade Centre

5. Bremer Park Manufacturing Plant
- Capacity 23k tonnes
- 3 presses
- 1 paintline
- Co-located with distribution centre
- Recent investments: automated product handling and packing
- Site restructure 2019

9. Penrith Manufacturing Plant
- Capacity 8k tonnes
- 1 press
- 1 paintline (RDC)

12. Smithfield Manufacturing Plant
- Capacity 9k tonnes
- 1 press

19. Canning Vale Manufacturing Plant
- Capacity 7k tonnes
- 1 press
- 1 paintline
- Recent investments: new paintline, warehouse extension and site consolidation
- Co-located with distribution centre

17. Angaston Manufacturing Plant
- Capacity 9k tonnes
- 1 press
- 1 paintline

15. Campbellfield Manufacturing Plant
- Capacity 9k tonnes
- 1 industrial press
- 1 paintline (RDC)
- Co-located with distribution centre

● Manufacturing plant ● Manufacturing plant with distribution centre ● Distribution centre ● Corporate Head Office (Huntingwood, NSW)

Half year highlights

Tony Dragicevich, CEO & Managing Director

"Stronger than expected first half earnings driven by:

- *continued high volumes supported by residential pipeline and diversified industry exposure*
- *maintaining margins through careful cost management and recovery."*

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1H23 Performance highlights

First half results exceeded expectation

Volume	Sales Revenue	Underlying EBITDA[1, 2] (excl. rent)	Underlying EBIT[2]	Underlying EPS[2]
35,600 tonnes 36,300t in 1H22 2%	**$333** million $349m in 1H22 5%	**$31.7** million $31.6m in 1H22	**$20.7** million $21.0m in 1H22 2%	**$0.96** $1.05 in 1H22 Underlying NPAT $17.2m 1H22 $18.4m 9%

Interim Dividend	Share buy-back Announced	Net Cash	NTA per share	Excellent Safety Performance
20 cps fully franked 20 cps in 1H22	**~15** cps equivalent [4] up to 370,000 shares in 2H23	**$41.2** million $24.9m at June 22 65%	**$9.44** $8.54 at June 22 10%	**4.9** TRIFR [3] 5.4 in 1H22 9%

Notes

[1] EBITDA is defined as Earnings before Interest, Tax, Depreciation and Amortisation and, in accordance with AASB16, excludes rent payments (1H23: $9.7m, 1H22: $9.5m)

[2] Underlying EBITDA, EBIT, NPAT and Earnings Per Share (EPS) are adjusted for significant items: LME devaluation (1H23:$0.6m, 1H22 ($0.3m)) and Income Tax Benefit (1H23: Nil, 1H22: $3.5m)

[3] TRIFR is total reportable lost time and medically treated injuries per million work hours

[4] Based on share price of $7.30 at 27 July 2023

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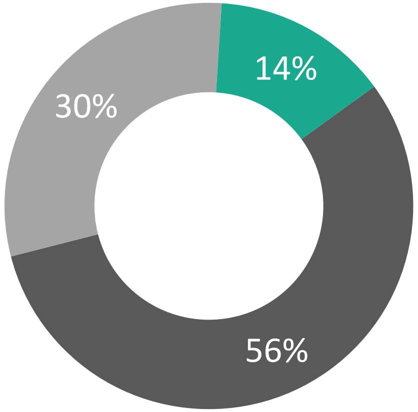
Sales channels

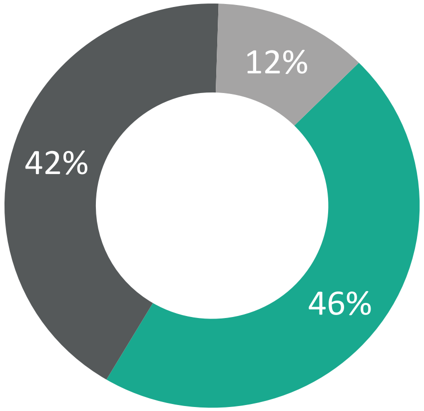
Diversification of industries helps protect volume

Channels to Market (volume)



Source: Capral
DCs: Capral Distribution Centres

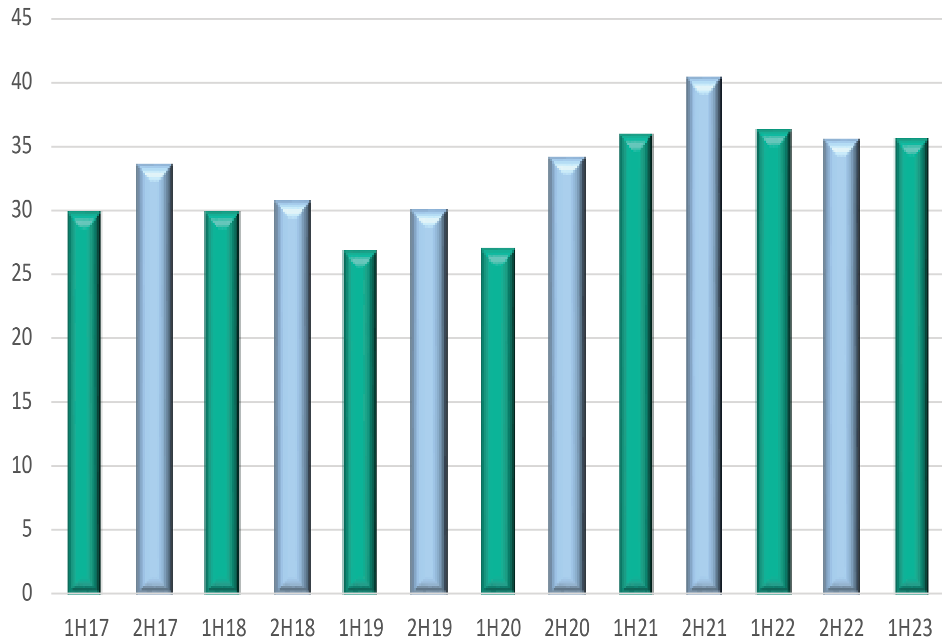
Diverse Industry Exposure



Residential building includes additions and alterations

Industrial includes transport, marine and other manufacturing sectors

Volume Seasonality



Source: Capral

Volume 2% lower than 1H22

- Resellers returning to imports as supply chain normalised
- Softer marine market offset by ongoing infrastructure investment and strength in transport sector

Detached housing commencements have slowed
and backlog of work has reduced

2023

Latest estimate[1] 174,000 starts in 2023, down 16% on 2022

16%

- Residential starts impacted by:
  - Higher interest rates
  - Removal of government incentives
- Detached dwellings down by 14%
- Multi res down by 20%
- Commencements delayed due to build capacity

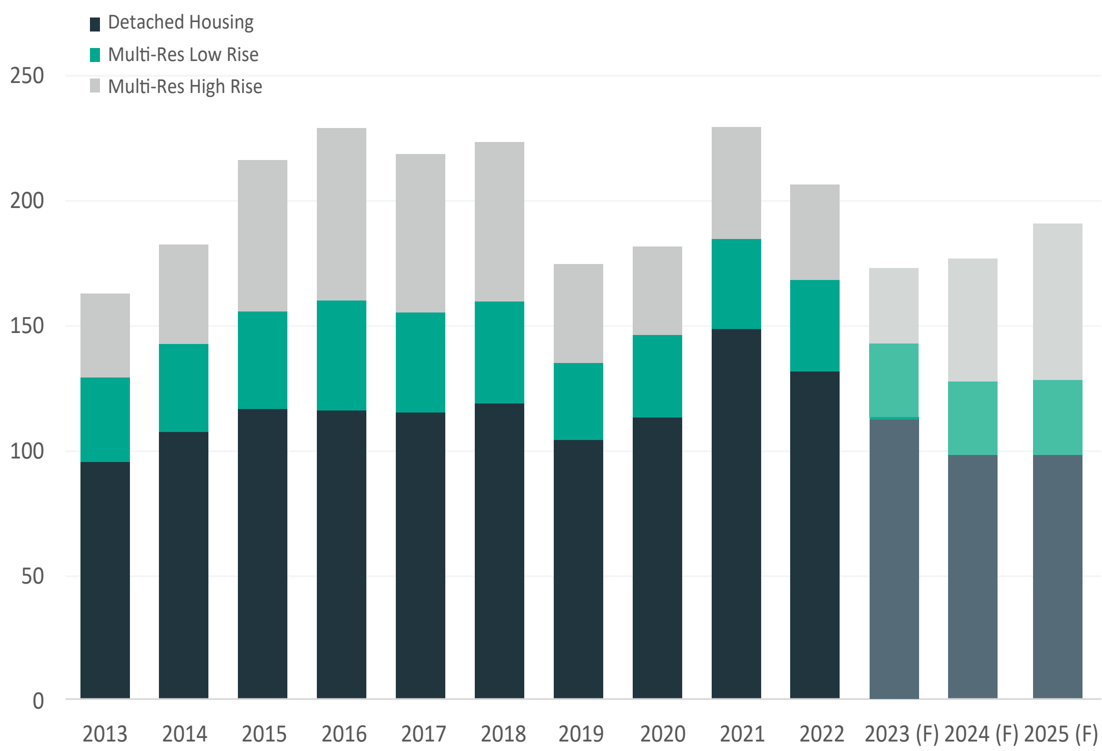
Future

Forecasted starts to be higher than 2023

on par

- Approvals impacted by rising interest rates
- Detached dwellings to decline
- Multi-res showing strong growth

Annual Dwelling Commencements[1] (000's)



Capral's volume mainly aligned with Detached and Low Rise Dwellings

1. Source: HIA (May 2023) two quarters delayed

Recent Capral Projects
Residential

Sandstone Villa, SA

Fabricator KR Installations
Products Schüco Windows & Doors

Mosman House, NSW

Fabricator K&K Shopfitters
Products Schüco & Capral Windows & Doors

Centre House, VIC

Fabricator Audsley Windows
Products Capral Windows & Doors

Recent Capral Projects
Commercial

Hobart UTAS, TAS

Fabricator Hobart Glass
Products Capral Commercial Windows & Doors

ANZAC House, WA

Fabricator LGA
Products Capral Commercial Windows

Sarah Sands, VIC

Fabricator Fenestrate
Products Capral Commercial Windows & Doors

Industrial sector remains strong

despite slowdown in some segments

Transport
- Strong conditions
- Expected to continue through 2024

Marine
- Slower market conditions
- Commercial ferry builds slowed, but customer order books building
- Defence shipbuilding plan is key

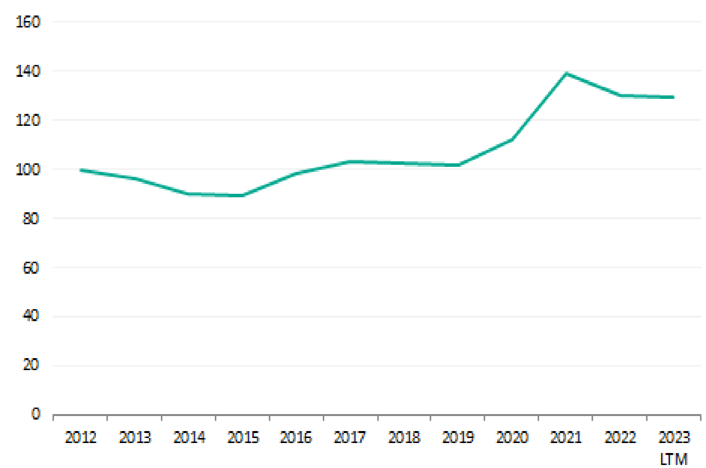
Solar
- Demand for local supply improving

Industrial Construction
- Infrastructure investment steady but signs of pullback evident
- Cladding sector continues to grow as rectification activity comes online

Resellers
- Volume to industrial distributors softened as imports resumed

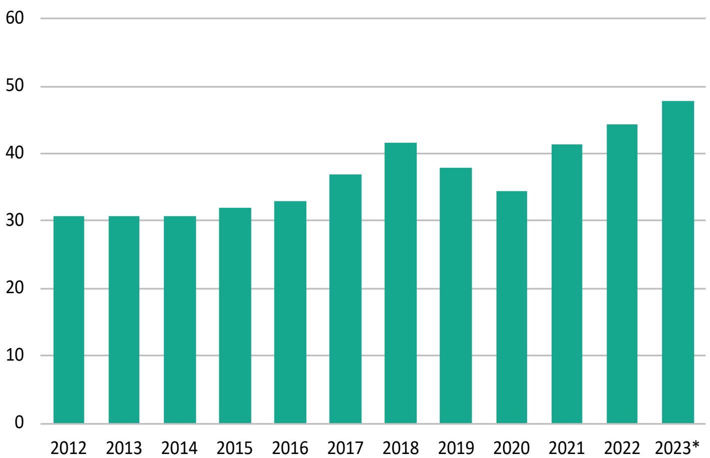
Manufacturing & General Fabrication
- Markets solid and share gains holding against imports

Total Capral Industrial Volumes (Index 2012)



Source: Capral

New Truck and Van Builds (000's)



* Last 12 months

Source: Truck Industry Council of Australia

Transport sector remains strong

- New truck builds posted another record half year, up 17% on 1H22
- Government stimulus assisted sector recovery (instant asset write off, expired June 2023)
- Growing freight demand supports ongoing high activity levels
- Strength in heavy, medium and light duty segments, with orders into 2024

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Recent Capral Projects
Industrial

Volgren
Bus body manufacturer
VIC, NSW, QLD & WA

Louvreclad
Commercial Facade Solutions
Bundamba, QLD

Sloanebuilt
Truck Trailer Builders
Smeaton Grange, NSW

Half Year Financials

Tertius Campbell, CFO

"Underlying earnings performance remains strong despite slightly lower volume and inflationary pressures."

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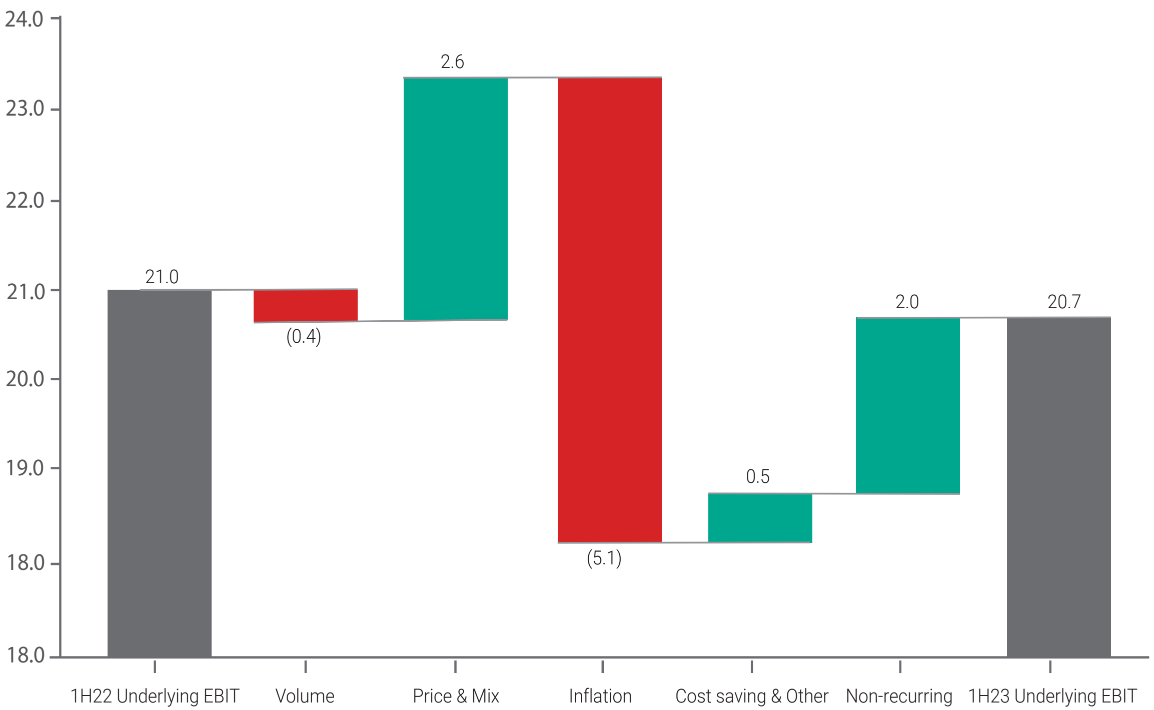
Earnings above expectation
and on par with record 1H22 level

1. Volume 2% lower than 1H22
2. Sales Revenue decreased 5% on 1H22, driven by lower metal prices (LME)
3. Underlying EBITDA in line with 1H22 despite inflationary pressures
4. Depreciation on owned assets increased due to new Huntingwood paintline and Penrith press rebuild
5. Operational Finance Cost is higher, driven by higher interest rates, and short term working capital loans
6. No additional Income Tax Benefit recognised during 1H23



		1H23	1H22
Sales Volume ('000 tonnes)	1	35.6	36.3
		$m	**$m**
Sales Revenue	2	332.3	349.0
Underlying EBITDA[1]	3	**31.7**	**31.6**
Depreciation/Amortisation	4		
- Owned Assets		(4.0)	(3.7)
- Right of Use Assets		(7.0)	(6.9)
Underlying EBIT[1]		**20.7**	**21.0**
LME and unrealised FX Revaluation		(0.6)	0.3
EBIT		**20.1**	**21.3**
Finance Cost	5		
- Operational Funding		(1.5)	(0.4)
- Right of Use Leases		(2.0)	(2.2)
Net Profit Before Tax		**16.6**	**18.7**
Income Tax Benefit	6	-	3.5
Net Profit After Tax		**16.6**	**22.2**
Basic Earnings Per Share ($/share)		0.93	1.27
Underlying Net Profit After Tax[1]		**17.2**	**18.4**
Underlying Earnings Per Share ($/share)		0.96	1.05

1. See Note 2 (page 8).

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Strong balance sheet

underpinning expanded capital allocation

1. Inventory reduced due to lower stock levels and retracement from record high metal prices (LME) in 1H22
2. Receivables metrics remain excellent with DSO at 44 days (1H22:46 days)
3. $80m debt facility with ANZ Bank, expiring April 2024, with sufficient headroom to fund working capital and trade instruments (LC's). Short term trade loans repaid in first half
4. Lease Liabilities (current and non current) of $87.0m, primarily property leases as defined by AASB16, net impact is a reduction in Net Assets of $26.6m due to timing of lease terms

Metrics remain strong and well within bank covenants providing flexibility to manage uncertainty:

- Gearing[1] decreased from 18.4% to 8.2% driven by repayment of debt that funded the working capital increase in FY22
- EBITDA Interest cover[2] maintained at around 20 times

1. Gearing is Net Bank Debt/Net Bank Debt & Equity.
2. The calculation of interest cover used for bank covenant purposes differ from calculations drawn directly from

Balance Sheet		Jun 23	Dec22
Current Assets		$m	$m
Inventory	1	138.2	154.9
Trade Receivables	2	103.2	91.3
Cash and Equivalents	3	41.2	49.0
Others		3.1	0.9
		285.7	**296.1**
Current Liabilities			
Trade Payables		(123.0)	(112.7)
Lease Liabilities	4	(16.2)	(16.2)
Borrowings	3	-	(24.1)
Provisions and Other		(16.2)	(18.9)
		(155.5)	**(171.9)**
Net Current Assets		**130.2**	**124.2**
Non Current Owned Assets		85.4	84.0
Non Current Right of Use Assets		60.4	66.7
Non Current Lease Liabilities	4	(70.9)	(77.9)
Non Current Provisions		(7.6)	(7.3)
Net Assets		**197.7**	**189.7**
Net Tangible Asset Value ($m)		170.3	162.4
NTA per share ($/share)		$9.44	$9.14
Franking Credits ($m)		4.3	8.1
Accumulated Unrecognised Tax Losses ($m)		119.9	129.6

Strong cash generation

enhanced by cash release from lower working capital levels

Continued strong focus on cash management. Cash conversion ratio improved due to reduction in working capital.

1. Working capital decrease driven by lower inventory due to reducing metal costs (LME) and lower stock levels
2. Operational interest charge increased on prior period due to short term trade loan to fund working capital and higher interest rates
3. Maintenance, environmental and safety capex ~$4m p.a. in line with plan. Major projects; Huntingwood paintline and Penrith press rebuild
4. Acquisition of aluminium centre in Wollongong
5. Trade Instruments mainly letters of credit (drawn and open) in relation to imported product
6. Trade/Other loans represent debt facility usage to fund working capital needs, maximum usage during 1H23 $31.2m (1H22: $20.4m)

Cash Flow		1H23	1H22
		$m	$m
EBITDA[1]		31.7	31.6
Working Capital	1	8.6	(27.7)
Finance Cost	2	(3.2)	(2.9)
Operating Cash Flow		**37.1**	**1.0**
Capital Expenditure	3	(4.4)	(4.5)
Acquisition/Investment	4	(0.5)	(0.2)
Rent Principal		(7.7)	(7.4)
Free Cash Flow		**24.5**	**(11.1)**
Proceeds from borrowings		(24.1)	20.5
Other		(0.3)	0.4
Dividends Paid		(8.9)	(6.0)
Increase/(Decrease) in Net Cash		**(8.8)**	**3.8**
Bank Facility Usage			
Bank Guarantee		4.4	4.4
Trade Instruments	5	26.3	51.5
Trade/Other Loans	6	-	20.5
Net Cash Position			
Cash Balance in funds		41.2	34.9

1. See Note 2 (page 8).

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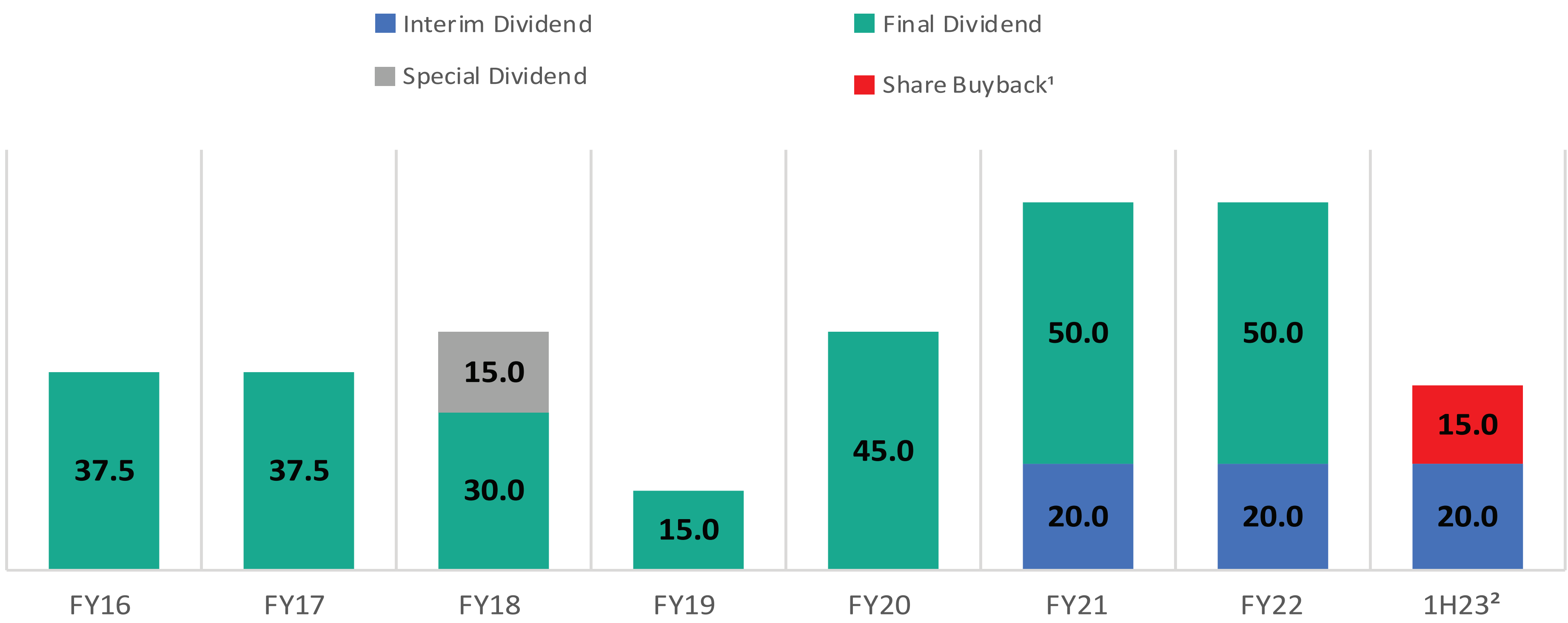
Disciplined capital allocation
delivering improving returns to shareholders

Shareholder Distributions (cps)

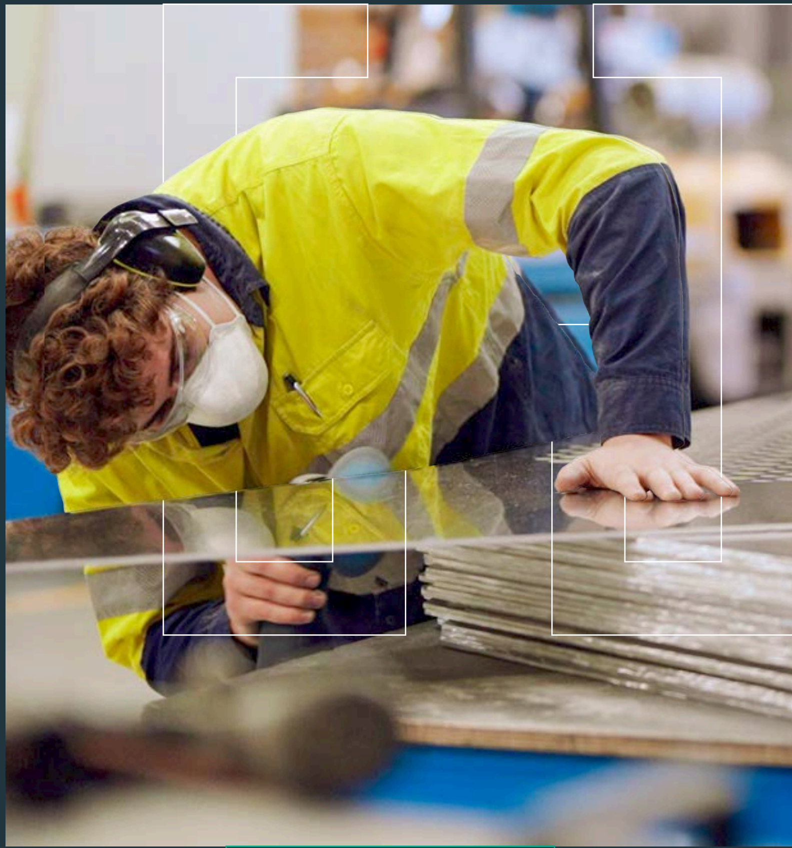


1. Estimated buy-back to 31 December 2023
2. Final dividend and further buy-back to be determined by Board.

Strategy and outlook

Tony Dragicevich, CEO & Managing Director

"Drive return on investments and continue to improve our long-term competitive position."



Build on our strengths

Optimise what we do

Grow for the future

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Clearly Defined Strategy

Build, Optimise and Grow

BUILD on our strengths

- Widest range of aluminium products
- National extrusion manufacturing and distribution network
- Innovative aluminium systems and supply chain solutions
- Committed and experienced people

OPTIMISE what we do

- Continually improve key customer service metrics
- Drive lean manufacturing to deliver world class productivity levels
- Invest in new technology to increase productivity and lower costs
- Optimise supply chain to maximise efficiencies

GROW for the future

- Leverage our capabilities into new opportunities – knowledge, national presence, quality, service
- Develop innovative new products and channels to market
- Maintain share won from imports
- Enhance presence in architectural market

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Improve productivity, grow in new markets

and retain market share gains

Manufacturing

- Continue process improvement programmes
- Maintenance capital spend to ensure on going plant reliability and efficiency
- Progressively upgrade shopfloor control systems
- Complete upgrade of Penrith extrusion plant

Distribution

- Capral's new window and door product range and systems software released
- Range enhanced by purchase of EDGE high thermal performance window systems
- New paintline installed in our NSW distribution centre
- Goal is to grow Capral's direct distribution channel

Sales and Marketing

- On going technology investment to improve sales effectiveness including; customer interfaces (EDI), CRM, and digital marketing (EDM)
- Upgrades to website and e-store are in progress
- Customer partnership programme "Crafted with Capral"
- Promote our capability "Capral Can Do"
- Seek opportunities to expand regional footprint

Improve productivity, grow in new markets
and retain market share gains ...continued

Market Development

Solar

- Grow share in the $60m+ solar rail market

Defence

- Capral is an approved supplier to major defence contracts

Cladding

- Work with cladding system suppliers to address new fire standards and recladding opportunities

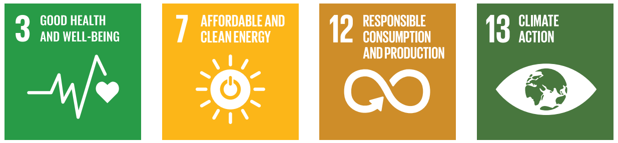
Imports & Anti-dumping

- Retain market share gains
- Continue fight for fair trade
- Appealing removal of measures on Malaysia and Vietnam
- Variable measures review on Chinese imports underway

On a path to a better tomorrow

Our Commitment

- **Aluminium Stewardship Initiative Certification**
- **Net Zero by 2050 (Scope 1 & 2 emissions)**
- **Focus is on reducing Scope 1 direct emissions (gas) from operations and Scope 2 emissions from electricity consumption**
- **Embrace the circularity of aluminium**
- **Drive sustainability best practice throughout business**



Our Roadmap

Energy

Identify and implement strategies to minimise the use of energy and develop sources of renewable energy

Waste

Reduce waste going to landfill by reuse, repurpose, and recycle

Paper

Identify ways to minimise the use of paper and ensure paper used is from sustainable sources

Purchasing

Source from ethical suppliers providing sustainable, non toxic, biodegradable and recycled products

HY23 Highlights

- Utilisation of learning platforms to offer training and education to employees
- Trial of new waste management system at the Canning Vale plant
- Environmental, Social and Governance plans rolled out for all major facilities
- Aluminium Stewardship Initiative (ASI) certification achieved in Performance Standard and Chain of Custody
- Diversity targets established
- LocAl® Green and LocAl® Super Green as lower carbon aluminium options
- Responsible sourcing incorporated into risk management system, whistle blower program extended to supply chain, and a supplier Code of Conduct implemented
- Emission reduction targets on track through initiatives including; installation of LED lighting and solar panels, optimising heating and cooling power use, and supporting green energy

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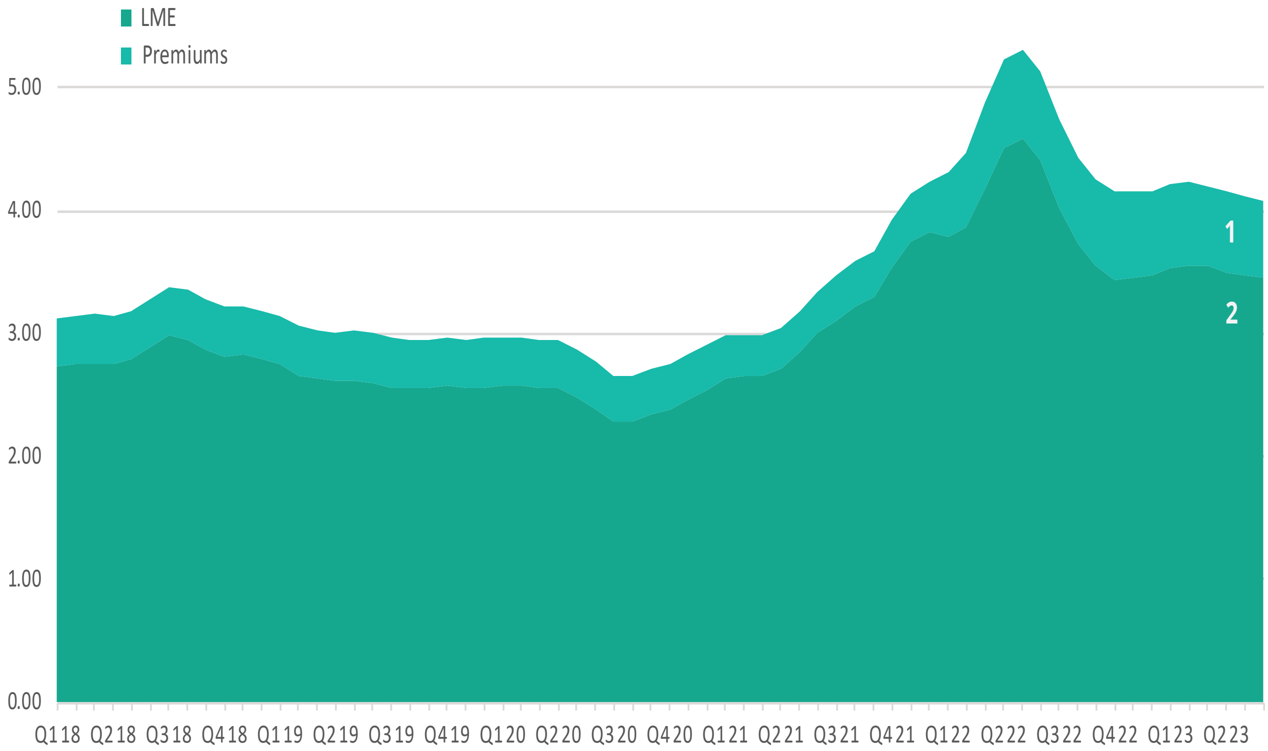
Metal cost fell from record highs

Aluminium Price $A (LME & Premiums)



1. Average Premiums decreased marginally during 2023, due to slightly lower regional and smelter billet premiums

2. Average LME decreased 10% during 1H23 to $A3,500t due to softer global aluminium demand

   The international LME price is impacted by global supply factors, including Russia's invasion of Ukraine. LME started to lift in mid 2021 post COVID and reached peak levels in Q2 2022. Since then LME has been gradually returning to more normal, but still elevated levels. In 1H 2023 Aluminium Price (LME & Premiums) was an average of $A4,170 compared to $A4,320 during 2H 2022

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Outlook

Earnings guidance lifted to top-end of guidance range

- Residential building is forecast[1] to soften in 2H23
- Other key markets; Commercial and Industrial, are expected to remain at relatively high levels
- LME peaked at record levels in 2022, and is forecast[2] to fall moderately during 2023
- Inflationary cost pressures continue to impact, especially; employee, energy, packaging and freight costs
- Absent any unforeseen events, FY23 earnings guidance lifted to top-end of guidance range provided on 24 February 2023, with Underlying EBITDA around $58m, and Underlying NPAT around $30m (EPS $1.66)[3]
- Working capital levels are reducing, increasing free cash flow in FY23
- Capital expenditure to be broadly in line with FY22 at $10m
- On this basis, Capral would be in a position to continue the return to shareholders in the form of dividends and buy-backs in accordance with the Capral Capital Allocation Policy

1. Source: HIA May 2023 forecast, 2 quarters delayed
2. Source: Harbor Aluminium Intelligence Unit.
3. Note 2 (page 8)

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

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Questions

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