

17 June 2020

Market Trading Update

Capral continues to operate without interruption throughout the government imposed COVID-19 restrictions whilst we maintain a range of strict safety, hygiene, and social distancing protocols to help ensure the health and well-being of our employees.

Pleasingly, our results for 1Q 2020 were in line with our budget and guidance. Demand for Capral products began to slow in March as COVID restrictions were implemented throughout Australia. In response Capral introduced a range of cost saving measures to safeguard its business for the future, and protect the jobs of its employees, through the steps outlined in my address to shareholders on 29th April 2020.

As a result of these initiatives, the adverse impact of COVID on sales volume and profitability has been significantly mitigated. In addition, the savings flowing from the Bremer Park restructure that was implemented last year will also contribute to a solid first half trading result which will be above last year. Strong cash management will ensure that Capral remains net cash positive at 30 June 2020.

Looking forward, we are planning for a continuation of soft customer demand as external forecasts predict a decline in residential and commercial construction activity in 2H 2020. However, the recently announced federal government housing stimulus should have a positive impact. We are confident that Capral will continue to trade profitably through these challenging times.

Given the ongoing uncertainty of the impact of the pandemic on the markets in which we operate, and the potential positive impact of government stimulus packages, it is too early to predict demand and results in 2H 2020. On this basis we are not in a position to provide full year guidance at this time. Capral remains very well positioned to take advantage of organic and acquisition growth opportunities in the future.

Yours faithfully
CAPRAL LIMITED



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