

28 April 2021

**ANNUAL GENERAL MEETING
CHAIRMAN AND MANAGING DIRECTOR ADDRESSES**

Attached please find the Chairman and Managing Director's addresses as it will be delivered at today's 2021 Annual General Meeting (AGM) starting at 10am.

To attend and participate in the meeting virtually, which is broadcast as a live webinar, go to <https://web.lumiagm.com/336939680>. In order to vote and ask questions, you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) to register.

Approved and authorised for release by Capral's Board of Directors.

For further information please contact:

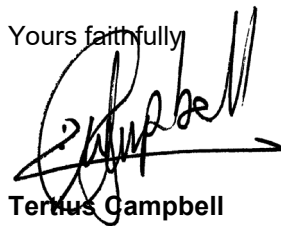
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Yours faithfully



Terrius Campbell
Chief Financial Officer and Company Secretary

FORWARD-LOOKING STATEMENTS

This announcement may contain forward looking statements which may be identified by words such as "believes", "considers", "could", "estimates", "expects", "intends", "may", and other similar words that involve risks and uncertainties. Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Capral or its Directors and management, and could cause Capral's actual results and circumstances to differ materially from the results and circumstances expressed or anticipated in these statements. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

**CAPRAL LIMITED ANNUAL GENERAL MEETING
CHAIRMAN'S AGM ADDRESS
28 APRIL 2021**

Capral faced many Covid-19 related challenges during 2020. The 2019/2020 restructuring at Bremer Park proved to be a critical contributor to the Company navigating the consequences of the pandemic. In addition, Capral's qualification for JobKeeper allowed the company to operate through the second quarter without drastically cutting staffing levels caused by the severe drop in demand and the prevailing volatility and uncertainties. The various governmental programmes then enabled the company to rapidly respond to improving market conditions by increasing and leveraging its workforce to meet the unexpected surge in demand which gained momentum over the second half of the year.

Capral benefited from a strong shift to import replacement as the effects of renewed anti-dumping measures took hold during the second half of the year. In addition, disruptions to import supply chains as a result of the pandemic, shipping congestion and increasing sentiment towards local supply added to demand. Governmental assistance targeted to the residential construction market through HomeBuilder and other incentives began to take hold in the last quarter of the year and the resultant demand has flowed strongly into 2021.

When Capral reported its full year results in February, there were clear signs of the successful initiatives undertaken in the prior year to turnaround the performance of Bremer Park and the ability of our people to respond to the new opportunities before them.

Capral's financial results for the year ended 31 December 2020 were outlined in our full year results presentation released to the ASX in February, as well as our Annual Report which has been sent to shareholders. Some of the financial highlights reported includes total revenue for the year of \$432 million, an increase of \$13 million on the prior year. Excluding JobKeeper, Capral recorded Trading EBITDA of \$19.7 million, \$8.7 million higher than the prior period and net profit (excluding \$3 million arising from recognition of deferred tax) of \$10.8 million or 66 cents per share (2019: Loss 4.2m after abnormal charges of \$6.7 million).

We are committed to growing a sustainable business which is aligned with all of our stakeholders through balancing the use of free cash between funding internal growth, investing in capital projects, and paying dividends to our shareholders. Our strong cash flow and balance sheet allowed management to take advantage of the opportunity to acquire the G. James NSW extrusion facility which was completed on 1st February 2021. As we add additional people and enhance operational capability, this facility should become earnings accretive in the year ahead. Capral has also set aside additional JobKeeper funds to invest in capital projects that will create new jobs.

The Company paid a fully franked dividend of 45 cents per ordinary share to shareholders on 26 March 2021. This dividend, and all incentive payments to employees, is based upon and is paid out of earnings and cashflow which totally exclude the JobKeeper benefit.

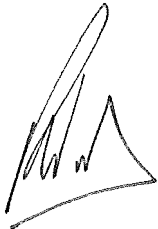
Our safety performance produced a record low of 5.8 lost time injuries per 1 million hours worked in 2020 and Capral's management will continue to focus on safety and prioritise awareness thereof in our business.

It is most encouraging to see positive signs of recovery in our economy. The strong demand for our product which gathered momentum over the second half of 2020 has maintained its strength in the first quarter of 2021. As a result, on 13 April 2021 Capral announced a guidance upgrade for the 2021 financial year. Tony Dragicevich will expand on this in his address.

On 14 April 2021 the board announced that it had entered into a process deed to progress a non-binding indicative proposal by Allegro to acquire 100% of the outstanding shares in Capral at \$7.00 per share through a scheme of arrangement. The board believed that it was in the Company's best interests to provide a liquidity opportunity for shareholders at a price above the then market price. The board received strong feedback from a number of shareholders who overwhelmingly believed that the proposal significantly undervalued the company. As a result, it was clear that the proposal would not receive sufficient shareholder support to succeed and on 20 April 2021 the board announced that it had terminated the process deed with Allegro.

I would like to repeat our welcome to Kathy Ostin to the board and as chair of the Audit Committee. Kathy replaced Ian Blair who retired after 14 years of invaluable service as an independent non-executive director.

I wish to extend the board's appreciation to all of Capral's stakeholders for their support during 2020 and to all of my Capral colleagues for their wisdom and assistance throughout the year.

A handwritten signature in black ink, appearing to read "Rex Wood-Ward", written over a faint, stylized outline of a mountain range.

Rex Wood-Ward
Chairman

CAPRAL LIMITED ANNUAL GENERAL MEETING MANAGING DIRECTOR'S ADDRESS 28 APRIL 2021

Financial Review

Market conditions varied significantly throughout 2020. After a solid start, demand for Capral's products plummeted during the period of COVID lockdown restrictions. However, conditions rebounded strongly in the second half resulting in higher-than-expected demand. In response, Capral operated its manufacturing plants at close to capacity leading to good operating leverage which drove increased earnings.

As COVID restrictions were imposed in April, demand fell sharply. With economists and other commentators forecasting dire conditions in key markets, Capral accordingly developed plans to reduce its workforce. Capral subsequently qualified for JobKeeper in May which allowed the business to retain all 798 employee jobs. This meant Capral was well placed to respond to increased demand when restrictions were lifted.

The residential market improved in the 4th quarter of 2020 on the back of low interest rates and government housing stimulus programs. Commercial construction was adversely impacted by COVID restrictions, as were our key industrial markets (manufacturing, transport and marine). These markets rebounded when restrictions were lifted.

The biggest impact on second half volume was a shift to local manufacture away from imports. This growth was driven by; import supply chain disruption, enforcement of anti-dumping measures, and a growing "Australia Made" sentiment recognising the benefit of shorter and more reliable lead times.

The LME price of aluminium declined 14% in the first half of the year but strengthened at year end to finish slightly up on December 2019. The average LME for 2020 was 5% below last year.

In the second half of 2019 Capral completed a significant restructure of its largest manufacturing operation at Bremer Park in Queensland. This restructure successfully transformed Capral's operations resulting in a permanent reduction of around \$8 million in costs with \$5 million of savings flowing in 2020.

Capral delivered an increased profit in 2020 with a Trading EBITDA¹ of \$19.7 million (2019: \$11.0 million) on 8% higher volumes. EBITDA of \$47.2 million (2019: \$19.9 million) included JobKeeper benefit of \$11.9 million.

Capral ended 2020 with a net cash balance of \$49.4 million. This was assisted by abnormally low working capital levels as a result of record debtors collection performance and reduced inventory levels due to high 4th quarter demand.

Capral paid a fully franked final dividend of 45 cents per share on 26 March 2021, higher than 2019 which was reduced due to restructuring costs, and in line with 2018.

Key Initiatives and Strategies

In December 2020 Capral negotiated the acquisition of the GJames extrusion operation in Smithfield, taking control on 1 February 2021. The plant has an annual capacity of 9000 tonnes and is in excellent operating condition. This strategically important acquisition provides Capral with an expanded manufacturing presence in NSW, savings in freight costs, and improved quality and service to customers in the State.

A 12-month toll manufacturing agreement with GJames allows a smooth transition and covers fixed plant operating costs during this period. The total acquisition price of approximately \$9 million was fully funded by Capral's cash reserves. The Smithfield plant is expected to provide incremental earnings in 2021.

Capral is also planning to install a new paint line in NSW during 2022 at an approximate cost of \$3 million.

Over the next few years, we will focus on growing Capral's aluminium distribution business. We plan to launch new product ranges and service initiatives to assist this growth.

Fair Trade

Capral continues to lead the local extrusion industry in the pursuit of fair trade. During 2020 the key outcomes were:

- Renewal of measures on Chinese imports for a further five years
- Increased surveillance and prosecution by Australian Border Force against anti-circumvention activities by importers
- Measures imposed on certain imports from Malaysia

While import volumes reduced in 2020, they continue to represent a substantial proportion of the total extrusion market. Imports continue to suppress prices and injure local manufacturers.

Safety

Safety First is one of Capral's key values and we continue to focus on risk assessment, training, systems and safety culture. Capral returned its best safety performance on record with a total reportable injury frequency rate of 5.8 (2019: 11.4).

Sustainability

Capral advanced its commitment to environmental obligations by creating a National Sustainability Committee with employee representation across Capral's various operations and regions. A sustainability audit was completed during 2020 to identify improvement opportunities for consideration and action.

Post Balance Sheet Events

By way of update to the disclosure in Capral's 2020 Annual Report, Capral has received customer claims relating to the supply of non-conforming marine grade plate. The plate was manufactured by a third party, independently certified and distributed by Capral. As stated in the Annual Report, Capral has supplied replacement marine grade plate to affected customers and the replacement product was fully provided for in Capral's 2020 accounts.

Some claims included a property damage component which were submitted to Capral's insurer. Management is in ongoing discussions with the insurer, supplier and certifier in this regard. Those claims, together with potential liability and recourse against third parties, are currently being assessed. Capral will continue to update the market in accordance with its continuous disclosure obligations.

Outlook

External forecasts for the residential market have lifted as government housing stimulus takes effect, with starts now expected to reach 190,000² in 2021. The non-residential building and industrial markets are also forecast to rebound after a COVID disrupted year in 2020.

On this basis the overall market for Capral's products is forecast to grow in 2021 and we expect to retain a proportion of market share gained from imports. Trading EBITDA¹ is forecast, absent any unforeseen events, to be between \$25 million and \$27 million with EBITDA between \$38 million and \$44 million. On that basis Capral would be in a position to continue the payment of a franked dividend.

I wish to thank all Capral employees for their flexibility, resilience and contribution to the 2020 result which was produced under unprecedented personal and working conditions.



Tony Dragicevich
Managing Director

¹ Trading EBITDA is 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 of financial performance between financial periods. These items are JobKeeper benefit (\$11.907 million), LME revaluation and unrealised foreign exchange differences (\$0.839 million), other one-off costs that are non-recurring in nature and including the depreciation and interest on Right of Use assets as proxy for rent (\$16.570 million). Trading EBITDA is presented with reference to the Australian Securities and Investment Commission Regulatory Guide 230 "Disclosing non-IFRS financial information" issued in December 2011. Normalised earnings excludes JobKeeper and deferred tax benefit.

² Source: BIS Oxford Economics March 2021 forecast.