

2023 FULL YEAR RESULTS PRESENTATION AND EARNINGS GUIDANCE

23 February 2024

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 FY23 Highlights
- 3 FY23 Financials
- 4 Strategy
- 5 Outlook & Guidance



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

Supplier of
Value Add Services

#1

Distributor of
Aluminium Sheet
and Plate

#2

Distributor of
Commercial Window
and Door Systems

Our Capability
Our Success
CAPRAL
ALUMINIUM

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

~28%



Annual Turnover

~\$660 million¹

¹ To 31 December 2023



Total Assets

~\$425 million



Employees

1000+

**Our Capability
Our Success**

CAPRAL
ALUMINIUM

Derisked the business and increased our capability for future success

Key Milestones and Events

2018	2019	2020	2021	2022	2023
<ul style="list-style-type: none">• Bremer packing/bundling automation \$5m• Canning Vale paintline \$3m• Canning Vale site consolidation• Building Systems range upgrade starts	<ul style="list-style-type: none">• Bremer restructure<ul style="list-style-type: none">- Cost \$6m- Savings \$10m p.a.• Significantly derisking the business• Established Building Systems division	<ul style="list-style-type: none">• COVID impact• Market rebound H2• Australian made sentiment grows• China dumping duties extended for 5 years	<ul style="list-style-type: none">• Smithfield acquisition \$10m• Achieved industry leading safety performance• NSW distribution site and Corporate Office relocation to Huntingwood• Sustainability journey to net zero begins	<ul style="list-style-type: none">• Record high LME• Penrith upgrade \$4m• Huntingwood paintline \$4m• LocAl® introduction• Building Systems new range and software released	<ul style="list-style-type: none">• Continue Trade Centre footprint expansion• Extend thermal break capabilities• Aluminium Stewardship Initiative (ASI) certification

Our Capability
Our Success

Full year highlights

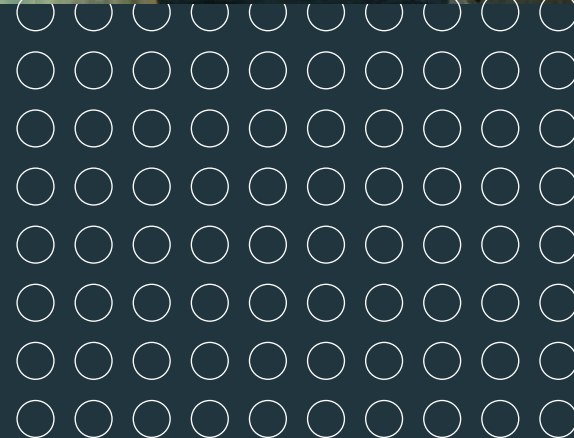
Tony Dragicevich, CEO & Managing Director

"Stronger than expected earnings driven by:

- solid volumes supported by strong residential pipeline, diversified industry exposure, and share gains*
- maintaining margins through careful cost management and recovery."*










Our Capability
Our Success

CAPRAL
ALUMINIUM



FY23 Performance highlights

Full year results exceeded expectations,
underlying EBITDA on par with last year's record

Volume	Sales Revenue	Underlying EBITDA ^{1,2} (excl. rent)	Underlying EBIT ²	Underlying EPS ²
71,100 tonnes 71,800t in FY22  1%	\$657 million \$693m in FY22  5%	\$62.5 million \$62.2m in FY22  on par	\$39.5 million \$40.8m in FY22  3%	\$1.83 \$1.96 in FY22 Underlying NPAT \$32.9m FY22 \$34.6m  9%
Final Dividend	Share buy-back	Net Cash	NTA per share	Excellent Safety Performance
35 cps fully franked 50 cps in FY22	~17.5 cps equivalent	\$59.5 million \$24.9 at 31 Dec 22  139%	\$10.03 \$9.14 at FY22  10%	4.4 TRIFR³ 4.3 in FY22  on par
			Underlying NTA per share ⁴	
			\$11.82 \$11.05 at 31 Dec 22  7%	

Notes

¹ EBITDA is defined as Earnings before Interest, Tax, Depreciation and Amortisation and, in accordance with AASB16, excludes rent payments (FY23: \$20.2m, FY22: \$18.9m)

² Underlying EBITDA, EBIT, NPAT and Earnings Per Share (EPS) are adjusted for significant items: LME devaluation (FY23: (\$1.1m), FY22 (\$2.2m)) and Income Tax Benefit (FY23: Nil, FY22: \$8.4m)

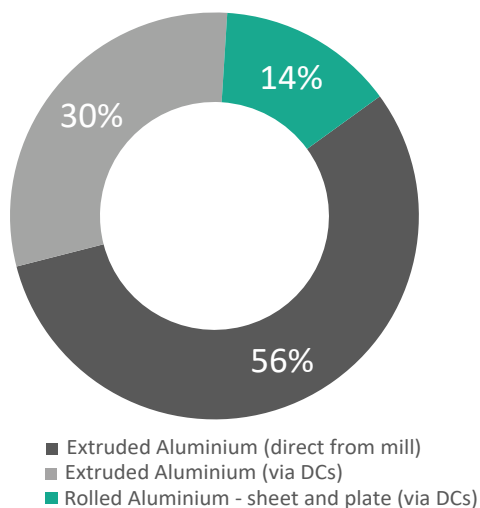
³ TRIFR is total reportable lost time and medically treated injuries per million work hours

⁴ Underlying NTA are adjusted for right of use timing differences (FY23: \$26.1m, FY22: \$27.4m) and net book value of Accounting Impairment (FY23: \$5.5m, FY22: \$6.6m)

Sales channels

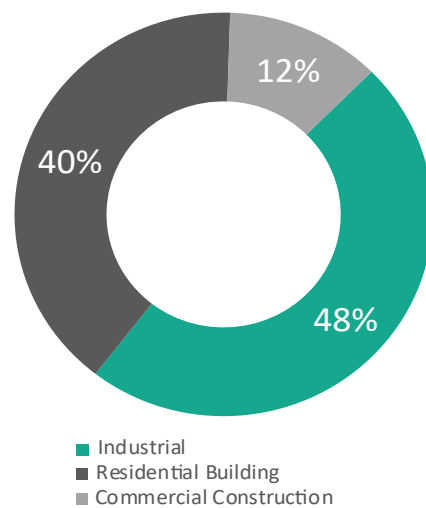
Diversification of industries helps protect volume

Channels to Market
(volume)



Source: Capral
DCs: Capral Distribution Centres

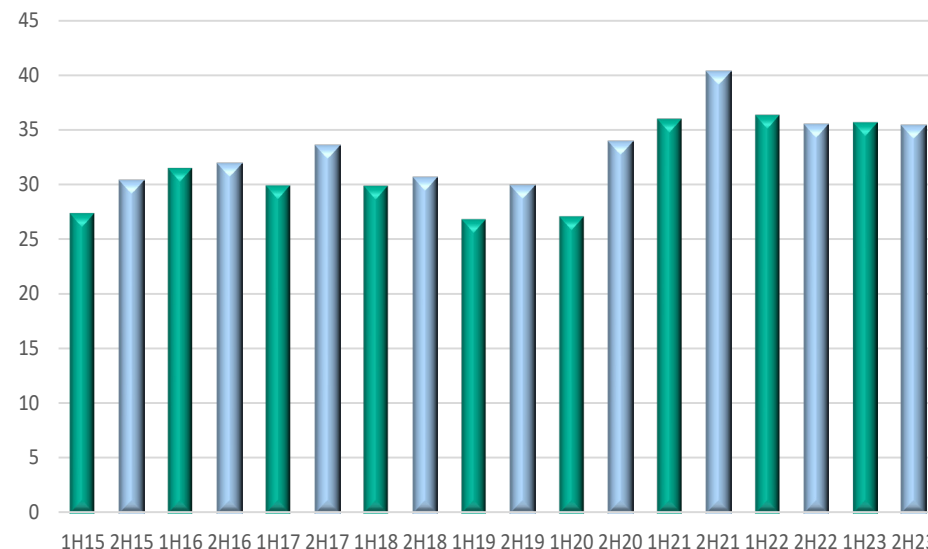
Diverse Industry
Exposure



Residential building includes additions and alterations

Industrial includes transport, marine and other manufacturing sectors

Volume Seasonality



Source: Capral

Volume broadly in line with FY22

- Residential market slowed as pipeline reduced
- Resellers returning to imports as supply chain normalised
- Offset by ongoing infrastructure investment and strength in industrial sectors

Detached housing commencements have slowed

Multi-residential expected to lead recovery in commencements

2023

Latest estimate¹ 173,000 starts in 2023, down 5% on 2022

↓ 5%

- Residential starts impacted by:
 - Higher interest rates
 - Removal of government incentives
 - Higher building costs
- Detached dwellings down by 13%
- Low-rise multi-residential down by 10%, high-rise up by 33% off a low 2022
- Commencements delayed due to build capacity
- Pipeline of work has reduced

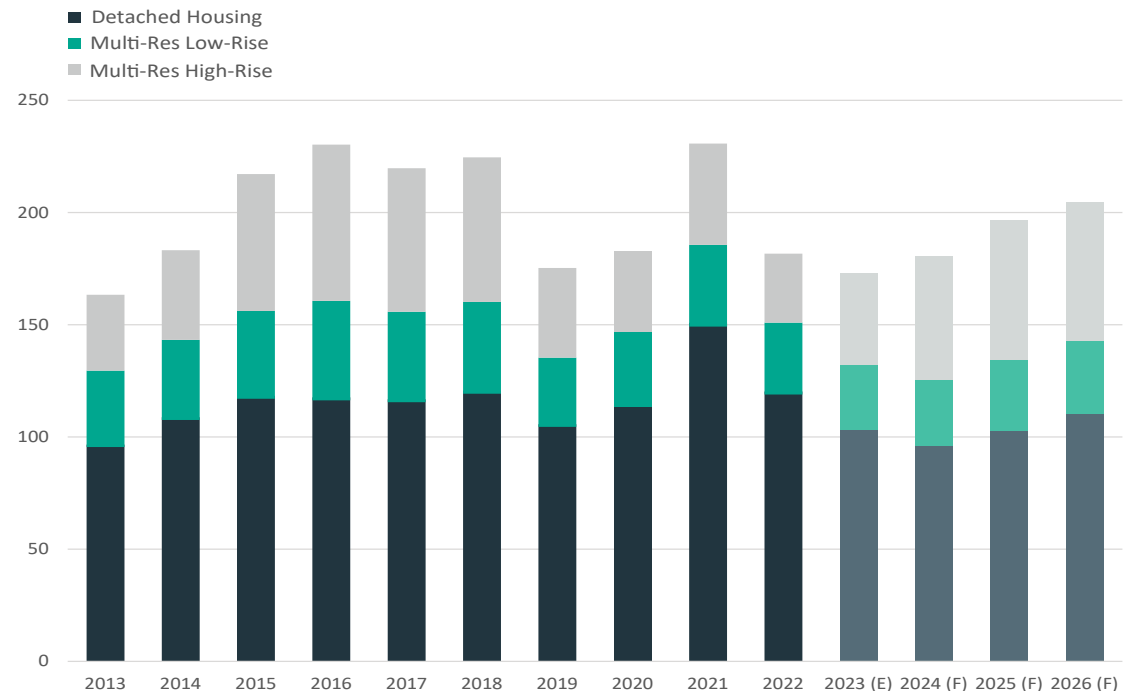
Future

Forecasted¹ starts 180,000, 5% higher than 2023

↑ 5%

- Approvals impacted by high interest rates
- Detached dwellings to decline a further 7%
- Multi-residential showing strong growth, especially high-rise

Annual Dwelling Commencements¹ (000's)



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

¹ Source: HIA (Nov 2023)

Recent Capral Projects

Residential



^
AT238 Apartments, WA
Fabricator Products Capral Facade Solutions
Capral AGS Systems



^
Wilyabrup Farmhouse, WA
Fabricator Products Busselton Aluminium Windows
Capral AGS Systems



^
Glen Iris Residence, VIC
Fabricator Products Eagle Aluminium
Capral AGS Systems

Our Capability
Our Success

CAPRAL
ALUMINIUM

Recent Capral Projects

Commercial



^
NSW Rugby, NSW
Fabricator Products Arch System Fabrication
Capral Commercial Windows & Doors



^
Kindalin Early Childhood Learning Centre, NSW
Fabricator Products Arch System Fabrication
Capral AGS Systems



^
Ravensthorpe Shire Visitor Centre, WA
Fabricator Products LGA
Capral Commercial Windows & Doors

Our Capability
Our Success

CAPRAL
ALUMINIUM

Industrial sector remains strong despite slowdown in some segments



Transport

- Strong conditions
- Expected to continue through 2024



Marine

- Slower market conditions
- Commercial ferry builds improving locally
- 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

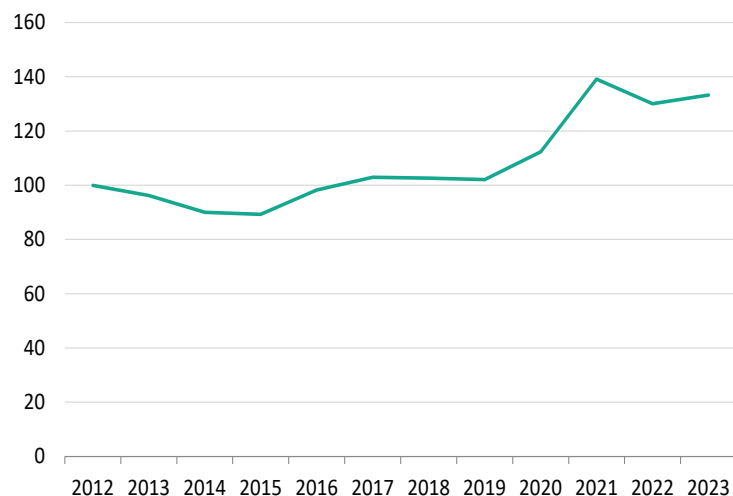
- Volume to distributors softened as import supply chain normalised



Manufacturing & General Fabrication

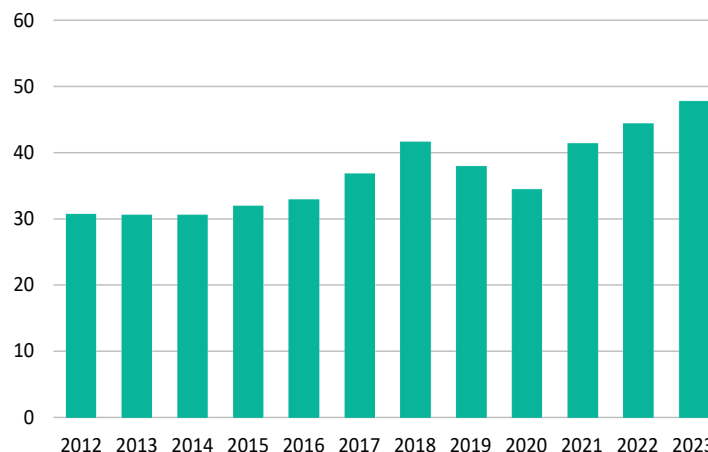
- Markets solid and share gains holding against imports

Total Capral Industrial Volumes (Index 2012)



Source: Capral

New Truck and Van Builds (000's)



Source: Truck Industry Council of Australia

Transport sector remains strong

- New truck builds posted another record year, up 8% on FY22
- 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 late 2024

Recent Capral Projects

Industrial



^
Sunlock
Solar Rails
Clayton South, VIC



^
Muscat Trailers
Trailer Manufacturer
NSW



^
Echo Yachts
Superyacht manufacturer
WA

Our Capability
Our Success

CAPRAL
ALUMINIUM

Full Year Financials

Tertius Campbell, CFO

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

**Our Capability
Our Success**

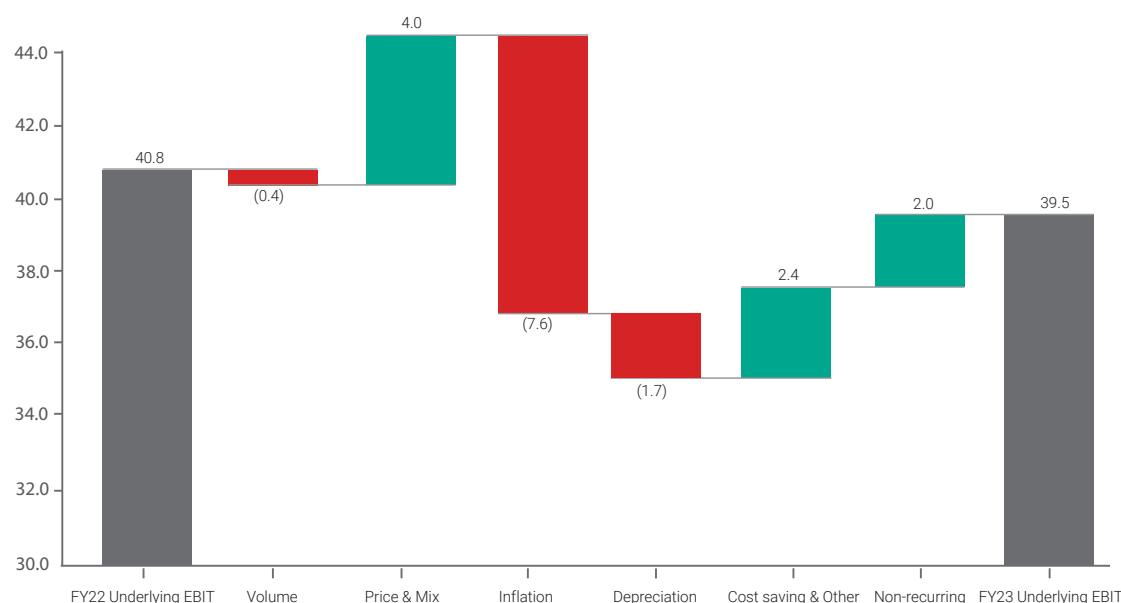
CAPRAL
ALUMINIUM



Earnings above expectation and underlying EBITDA on par with FY22



- 1 Volume 1% lower than FY22
- 2 Sales Revenue decreased 5% on FY22, driven by lower metal prices (LME)
- 3 Underlying EBITDA in line with FY22 despite inflationary pressures
- 4 Depreciation on owned assets increased mainly due to Penrith press rebuild. Depreciation on Right of Use assets increased based on new leases on properties, forklifts and solar installation
- 5 Operational Finance Cost is higher, driven by higher interest rates, and short-term working capital loans in first half
- 6 No additional Income Tax Benefit recognised during FY23

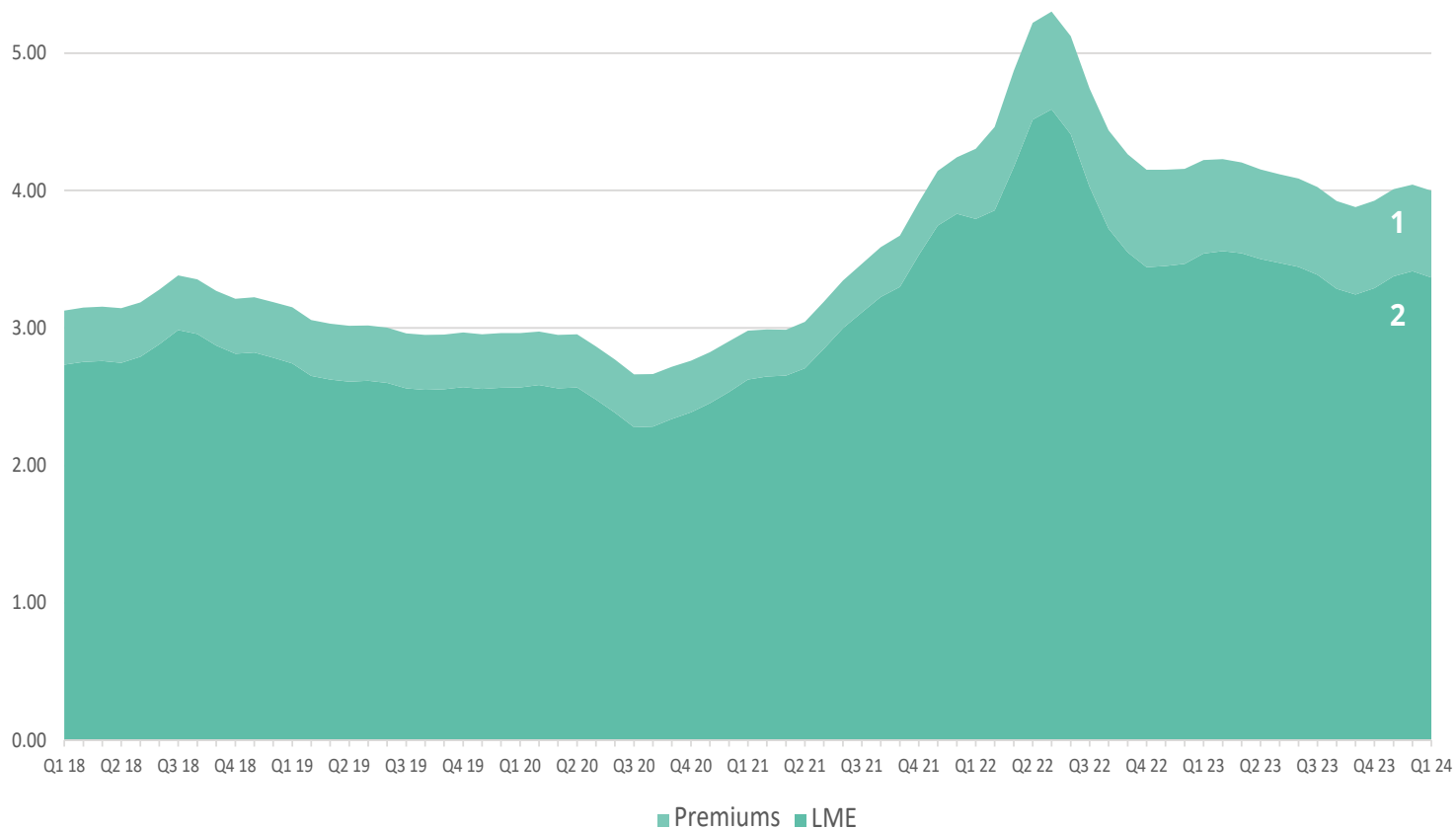


		FY23	FY22
Sales Volume ('000 tonnes)	1	71.1	71.8
		\$m	\$m
Sales Revenue	2	656.9	692.5
Underlying EBITDA¹	3	62.5	62.2
Depreciation/Amortisation	4		
- Owned Assets		(8.3)	(7.5)
- Right of Use Assets		(14.7)	(13.8)
Underlying EBIT¹		39.5	40.8
LME and unrealised FX Revaluation		(1.1)	(2.2)
EBIT		38.5	38.7
Finance Cost	5		
- Operational Funding		(2.2)	(1.9)
- Right of Use Leases		(4.4)	(4.4)
Net Profit Before Tax		31.8	32.4
Income Tax Benefit	6	-	8.4
Net Profit After Tax		31.8	40.8
Basic Earnings Per Share (\$/share)		1.77	2.31
Underlying Net Profit After Tax¹		32.9	34.6
Underlying Earnings Per Share (\$/share)		1.83	1.96

¹ See Note 2 (page 7).

Metal cost fell from 2022 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 12% during FY23 to \$A3,420t due to softer global aluminium demand. The international LME price is impacted by global supply factors. 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 2023 Aluminium Price (LME & Premiums) was an average of \$A4,070 compared to \$A4,600 during 2022

Strong balance sheet

underpinning expanded capital allocation

- 1 Inventory reduced due to lower stock levels and retracement from record high metal prices (LME) in FY22
- 2 Receivables metrics remain excellent with DSO at 42 days (FY22:43 days)
- 3 \$70m debt facility with ANZ Bank, expiring April 2025, 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 \$88.8m, primarily property leases as defined by AASB16, net impact is a reduction in Net Assets of \$26.1m due to timing of lease terms

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

- Leverage ratio¹ decreased to 1.4 times (FY22:1.9) due to repayment of short-term trade loan. Gearing² decreased from 18.4% to 9.5% driven by repayment of short-term debt that funded the working capital increase in FY22
- EBITDA Interest cover³ maintained at an average of 19.6 times

¹ Leverage ratio is Debt/Underlying EBITDA

² Gearing is Net Bank Debt/Net Bank Debt & Equity.

³ The calculation of interest cover used for bank covenant purposes differs from calculations drawn directly from the financial statements

Balance Sheet		Dec 23	Dec22
Current Assets		\$m	\$m
Inventory	1	126.2	154.9
Trade Receivables	2	89.3	91.3
Cash and Equivalents	3	59.5	49.0
Others		2.7	0.9
		277.6	296.1
Current Liabilities			
Trade Payables		(107.0)	(112.7)
Lease Liabilities	4	(15.6)	(16.2)
Borrowings	3	-	(24.1)
Provisions and Other		(17.1)	(18.9)
		(139.6)	(171.9)
Net Current Assets		138.0	124.2
Non Current Owned Assets		84.8	84.1
Non Current Right of Use Assets		62.7	66.7
Non Current Lease Liabilities	4	(73.3)	(77.9)
Non Current Provisions		(7.6)	(7.3)
Net Assets		204.7	189.7
Net Tangible Asset Value (\$m)		177.4	162.4
NTA per share (\$/share)		\$10.03	\$9.14
Franking Credits (\$m)		2.7	8.1
Accumulated Unrecognised Taxes (\$m)		109.5	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 Maintenance, environmental and safety capex ~\$4m p.a. in line with plan. Major projects; Huntingwood paintline and Penrith press rebuild
- 3 Acquisition of aluminium centre assets in Wollongong
- 4 Trade Instruments mainly letters of credit (drawn and open) in relation to imported product
- 5 Trade/Other loans to fund working capital needs, fully settled/maximum usage during FY23 \$31.2m (FY22: \$31.0m)
- 6 Predominantly shares purchased on and off market by Capral Employee Share Trust to satisfy LTIP Vesting

Cash Flow	FY23	FY22
	\$m	\$m
EBITDA ¹	62.5	62.2
Working Capital	18.9	(46.5)
Operating Cash Flow	75.0	7.1
Capital Expenditure	(7.5)	(9.5)
Acquisition/Investment	(0.5)	(0.3)
Rent Principal	(15.8)	(14.5)
Free Cash Flow	51.2	(17.2)
Proceeds from (repayment of) borrowings	(24.1)	24.1
Other	(2.2)	0.3
Distributions to Shareholders	(15.6)	(9.6)
Increase/(Decrease) in Net Cash	9.3	(2.4)

Bank Facility Usage

Bank Guarantee	4.9	4.4
Trade Instruments	27.6	25.6
Trade/Other Loans	-	24.1

Net Cash Position

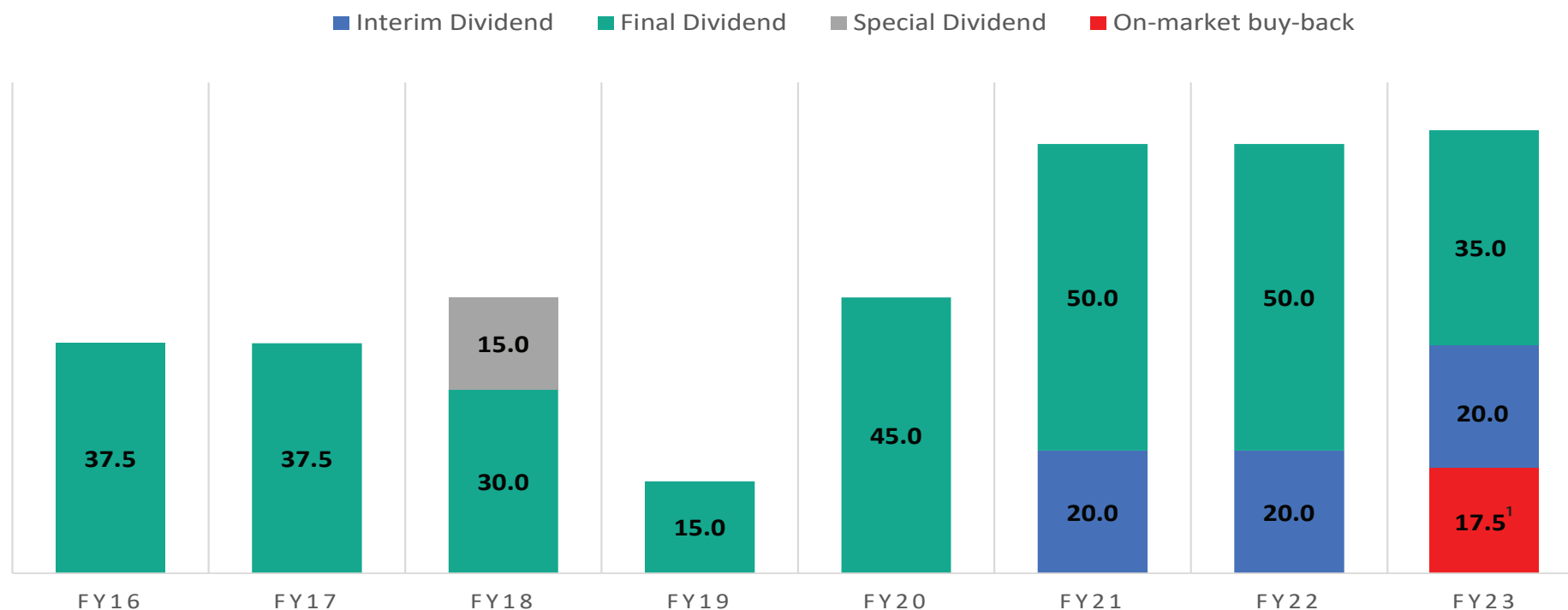
Cash Balance in funds	59.5	24.9
-----------------------	------	------

¹ See Note 2 (page 7).

Disciplined capital allocation

delivering improving returns to shareholders

Shareholder Distributions (cps)



¹ Based on weighted number of shares on issue
Further buy-back to be determined by Board.

Strategy and outlook

Tony Dragicevich, CEO & Managing Director

"Focus on ROI and continued improvement of long-term competitiveness, and expand distribution footprint."

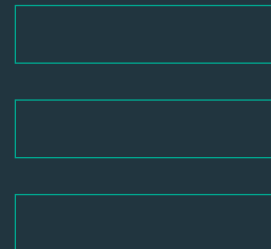
Build on
our strengths

Optimise
what we do

Grow
for the future

CAPRAL
ALUMINIUM

Our Capability
Our Success



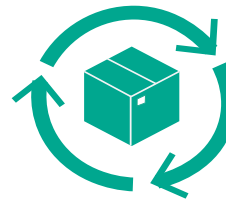
Clearly Defined Strategy

Build, Optimise and Grow



GROW for the future

- Leverage our capabilities into new opportunities – knowledge, national presence, quality, service
- Develop innovative new products and channels to market
- Enhance presence in architectural market
- Expand footprint



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



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

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

Manufacturing

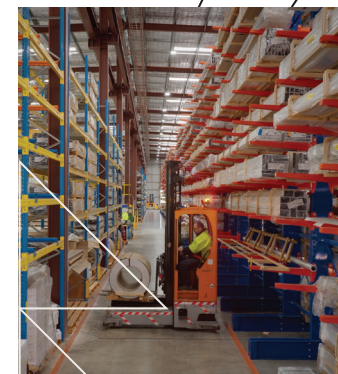
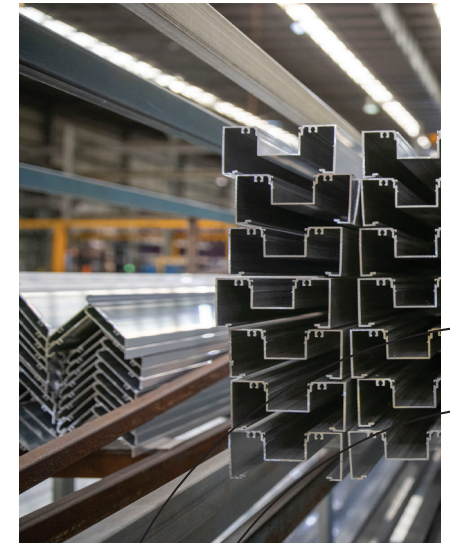
- Continue process improvement programmes
- Maintenance capital spend to ensure on going plant reliability and efficiency
- Progressively upgrade shopfloor control systems
- Complete upgrade of Penrith extrusion plant

Distribution

- Capral's new window and door product range and systems software released to market
- New paintline installed in our NSW distribution centre
- Grow Capral's direct distribution channel organically and by acquisition

Sales and Marketing

- Ongoing technology investment to improve sales effectiveness including; customer interfaces (EDI & CRM), and digital marketing (EDM)
- Upgrades to website and e-store completed
- Customer partnership programme "Crafted with Capral" continues
- Promoting our capability with release of "Capral Can Do" videos



Our Capability
Our Success

CAPRAL
ALUMINIUM

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

Market Development



Lower Carbon Aluminium

- Expand market understanding and penetration of LocAI® Green and Super Green
- Focus on both architectural and industrial markets, influence specification

Solar

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

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
- Successfully appealed removal of measures on Malaysia and Vietnam
- Variable measures review on Chinese imports complete with positive outcomes
- Aluminium added to strategic minerals list

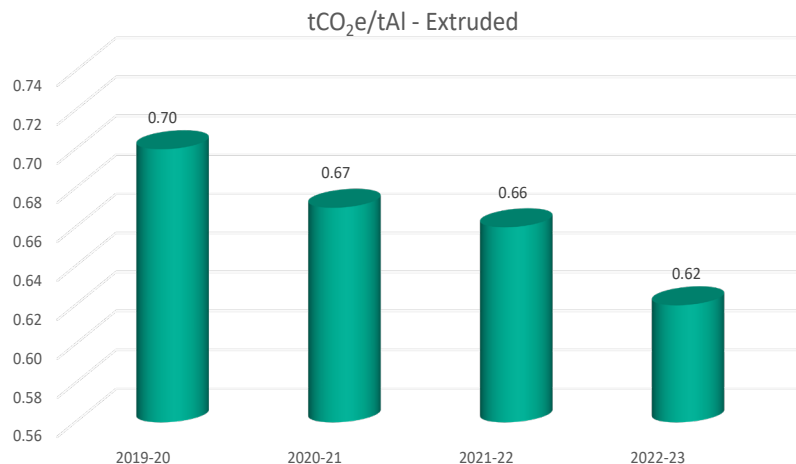
Our Capability
Our Success

ESG Framework

On a path to a better tomorrow

2023 Highlights

- Aluminium Stewardship Initiative (ASI) certification achieved in both Performance Standard and Chain of Custody
- Utilisation of learning platforms for training of employees
- Trial waste management system at Canning Vale (WA)
- Integrated Management System (IMS) enhanced to systematise ESG considerations and refine accuracy of performance metrics
- Introduced Lower embodied carbon aluminium alternatives - LocAl® Green and Super Green
- Responsible sourcing incorporated into risk management system, whistle blower program extended to supply chain, supplier code of conduct implemented
- Packaging systems reviewed to develop circularity principles and increase sustainable practices
- Year on Year decrease in Scope 1 and 2 emissions



Three Pillars of Sustainability



Environment

- Environmental conservation
- Climate change mitigation
- Renewable energy
- Sustainable practices
- Ethical considerations



Social

- Our people
- Community engagement
- Safety



Governance

- Corporate Governance
- Ethical business practices
- Risk management and assurance

Our Commitment

- Improve the circularity of aluminium and waste
- Net Zero by 2050 (Scope 1 & 2 emissions)
- 20% reduction by 2030 (Scope 1 & 2 emissions)
- Aluminium Stewardship Initiative (ASI)
- IFRS reporting planned for 2025
- United Nations Sustainability Goals



Outlook

Earnings guidance

- Residential building commencements are forecast¹ to recover slightly in FY24, lead by multi-residential, however pipeline of work in detached housing has reduced
- Other key markets, Commercial and Industrial, are expected to remain firm
- LME peaked at record levels in 2022, declined in 2023 and is forecast² to moderate slightly during 2024
- Inflationary cost pressures continue to impact, especially; employee, energy, packaging and freight costs
- Absent any unforeseen events, FY24 Underlying EBITDA³ should range between \$50m and \$54m, and Underlying NPAT between \$23m and \$27m
- Working capital levels are expected to remain at current levels
- Capital expenditure planned to be at \$10m
- On this basis, Capral would be in a position to continue the return to shareholders in the form of unfranked dividends and/or buy-backs in accordance with the Capral Capital Allocation Policy
- Capral will undertake an on market share buy-back of up to 10% of its issued shares in 2024

¹ Source: HIA Nov 2023 forecast

² Source: Harbor Aluminium Intelligence Unit.

³ Note 2 (page 7)

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

Our Capability
Our Success



CAPRAL
ALUMINIUM

Questions and Appendix

**Our Capability
Our Success**



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

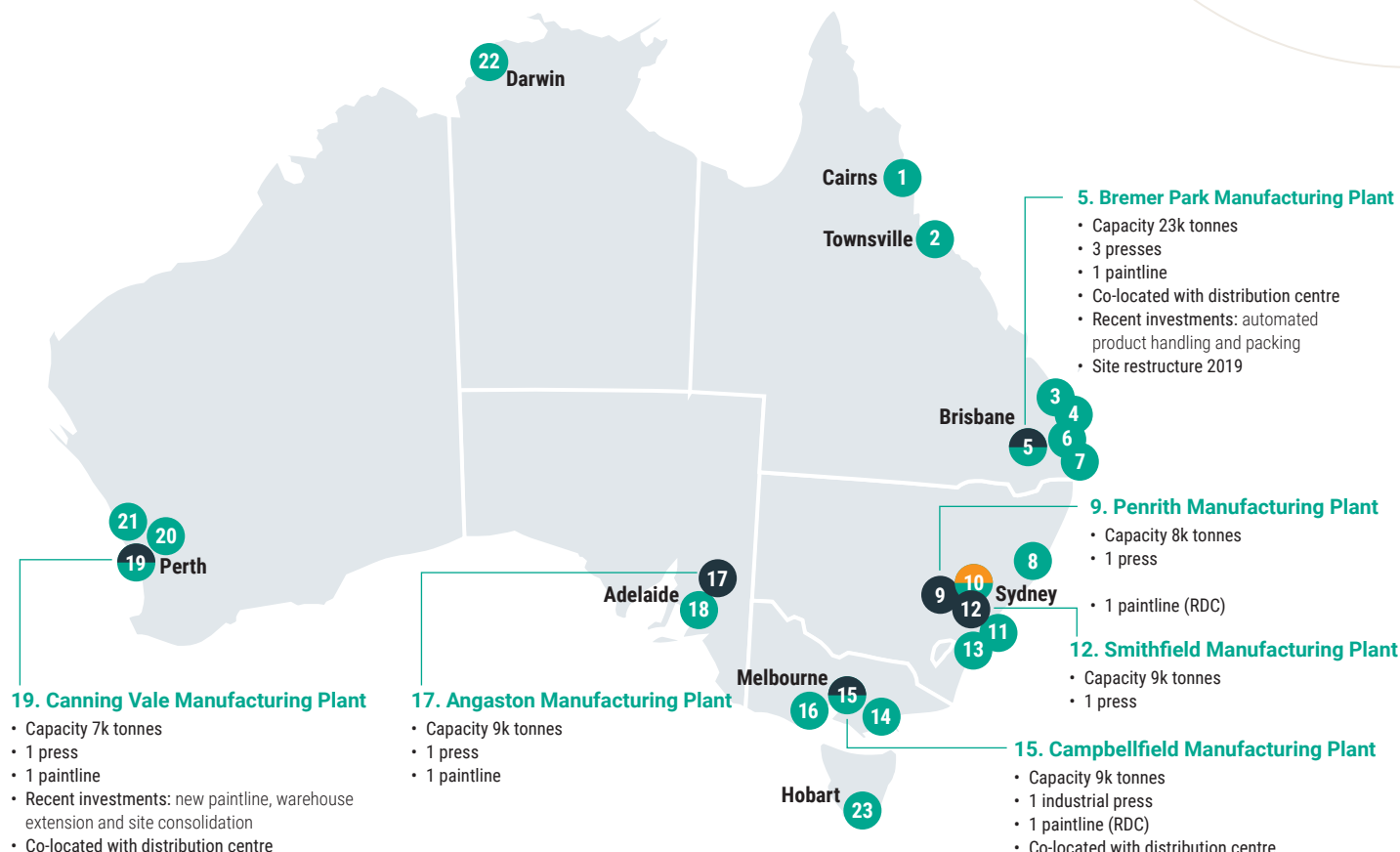
Northern Territory

22. Darwin RDC

Tasmania

23. Hobart RDC

RDC - Regional Distribution Centre
AC - Aluminium Trade Centre



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

**Our Capability
Our Success**

CAPRAL
ALUMINIUM