

16 April 2015

The Manager
ASX Market Announcements
Australian Securities Exchange
L10, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Capral Limited (ASX Code: CAA): AGM Addressess

In accordance with ASX Listing Rule 3.13.3, please see attached the Addresses of the Chairman and Managing Director of Capral Limited in respect of the Annual General Meeting being held today.

Yours faithfully



Richard Rolfe
Company Secretary

CAPRAL LIMITED (ABN 78 004 213 692)
ANNUAL GENERAL MEETING – 16 APRIL 2015
CHAIRMAN'S AND MANAGING DIRECTOR'S ADDRESSES

CHAIRMAN'S ADDRESS

The Capral Group reported a profit after tax of \$2.7 million after restructuring charges and prior year claims totalling \$1.4 million for the year ended 31 December 2014. This compares to a loss of \$51.7 million for 2013 after asset impairment charges of \$41.5 million. Revenues in 2014 increased by \$65 million over the previous year to \$375 million, mainly as a result of the full year contribution from the OneSteel Aluminium business which was acquired in October 2013.

Over the year the OneSteel Aluminium business was progressively integrated into Capral, releasing productivity improvements and cost efficiencies which will have a positive impact on profitability. Trading EBITDA of \$9.2 million benefitted positively from the OneSteel Aluminium business and the increased activity in the residential construction sector. Against this, rising aluminium costs and excess local extrusion capacity combined with Chinese imports exerted pressures on margins, while weakness in the industrial, transport and marine sectors impacted revenues. Positive net cash flows resulted in year-end net cash on hand increasing by \$1.9 million to \$16.5 million.

Chinese imports at below fair market values continue to impact Australian manufacturers. This, combined with the excess capacity in local aluminium extrusion and expected increases in aluminium raw material cost, will result in pricing and margin pressures. However, our continued focus on costs and improved efficiencies will assist in offsetting some of the impacts of these market conditions.

The decision by the Minister for Industry and Science regarding the anti-circumvention activities of Pan Asia, the largest exporter of aluminium extrusions into Australia from China, is welcome news for Capral and the Australian aluminium extrusion industry in the campaign for a level playing field with imported products.

No dividends have been declared or paid for the 2014 financial year. The Board will continue to consider the circumstances of Capral and its policy in regard to dividends on an annual basis.

Rex Wood-Ward
Chairman

MANAGING DIRECTOR'S ADDRESS

Market conditions improved during 2014 on the back of a buoyant new housing sector. However, the key industrial segments (manufacturing, transport and marine) remained subdued.

Imports of aluminium extrusions continued to hold a large share at around 40% of the market. This, combined with excess domestic extrusion manufacturing capacity, continues to apply downward pressure on prices and margins.

During 2014 aluminium metal costs rose significantly driven by: a rising LME, record high premiums and a weaker Australian dollar.

Total sales volume for 2014 lifted 23% to 56,500 tonnes largely due to the full year inclusion of the OneSteel Aluminium business.

Capral achieved a Trading EBITDA of \$9.2m compared to \$4.1m in 2013. The improved result was assisted by higher manufacturing volumes and cost reductions. In 2014 \$5.5m of savings were achieved.

During the year the OneSteel Aluminium business was successfully integrated into Capral and a platform for a more efficient sales and distribution structure was established. The acquisition contributed an incremental \$2.9m to Trading EBITDA in 2014.

Capral continues its campaign for a level playing field with imported aluminium extrusions into the Australian market. An inquiry was initiated by the Anti-Dumping Commission into Pan Asia, the largest exporter of aluminium extrusions into Australia from China. The Minister for Industry and Science determined that there had been avoidance of the intended effect of duties and consequently substantial additional duties have been imposed, subject to review. A further review of anti-dumping measures relating to aluminium extrusions will be conducted by the Anti-Dumping Commission during 2015.

External forecasts are for the housing market to remain strong and this sector should continue to underpin our volumes for 2015. The increase in the proportion of high rise apartments relative to private dwellings is however reducing the intensity of Australian manufactured aluminium extrusions in the new dwelling sector.

We expect to see a slight improvement in the transport and industrial sectors as infrastructure projects progress and the impact of the lower Australian dollar assists local manufacturing.

Our guidance remains unchanged from that detailed in our 2014 full year results with Trading EBITDA forecast to lift to between \$4m and \$5m in the first half and deliver a full year result between \$12m and \$14m, provided the current momentum in the housing market is maintained and the industrial sectors show some improvement.

Tony Dragicevich
Managing Director