

CAPRAL
ALUMINIUM
SHAPING THE FUTURE

2015 Full Year Results Presentation

19 FEBRUARY 2016
CAPRAL LIMITED

GENERAL INFORMATION

Important Notes

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

Trading EBITDA is the Statutory 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 LME and Premium revaluation, and costs relating to restructuring that are non-recurring in nature.

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.

Footprint



OVERVIEW OF RESULTS

FULL YEAR TO DECEMBER 2015

\$13.0m Trading EBITDA
\$5.1m EBITDA

- Trading EBITDA¹ profit of \$13.0m (2014: \$9.2m)
- EBITDA profit of \$5.1m (2014: \$11.0m)
- Sales revenue up 7.5% on 2014
- Volumes up 2.3%. Extrusion up 3.5%, Rolled products down 4.5%
- Strong housing market driving volume increase

Net loss of \$2.5m

- Net loss of \$2.5m (2014: \$2.7m profit) includes:
 - LME and Premium revaluation of negative \$7.0m
 - Restructuring costs of \$0.7m to complete OneSteel Aluminium integration
 - Depreciation and amortisation of \$6.4m
 - Finance costs of \$1.2m

**Housing market is strong,
industrial markets turning**

- Dwelling commencements increase to 211,500 in 2015²
 - Detached housing and medium density up 9%
 - High density (apartments) up 43%
- Non-residential building activity increased by 3%²
- Business conditions remained soft in the manufacturing, marine and transport sectors but are showing signs of improvement

Highly competitive environment

- Ongoing dumping of aluminium extrusions from China was found and increased measures have been imposed
- Dumping measures are beginning to assist in addressing excess domestic capacity

**Safety performance remains
a key focus**

- TRIFR³ of 13.3 (2014: 7.9)
- LTI severity rate (days lost per million hours worked) of 51 (2014:74)
- Ongoing focus on leading safety indicator management

¹ See Important Notes (page 2) and reconciliation to EBITDA (page 4)

² Source: BIS Shrapnel year end June 2015 actual

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

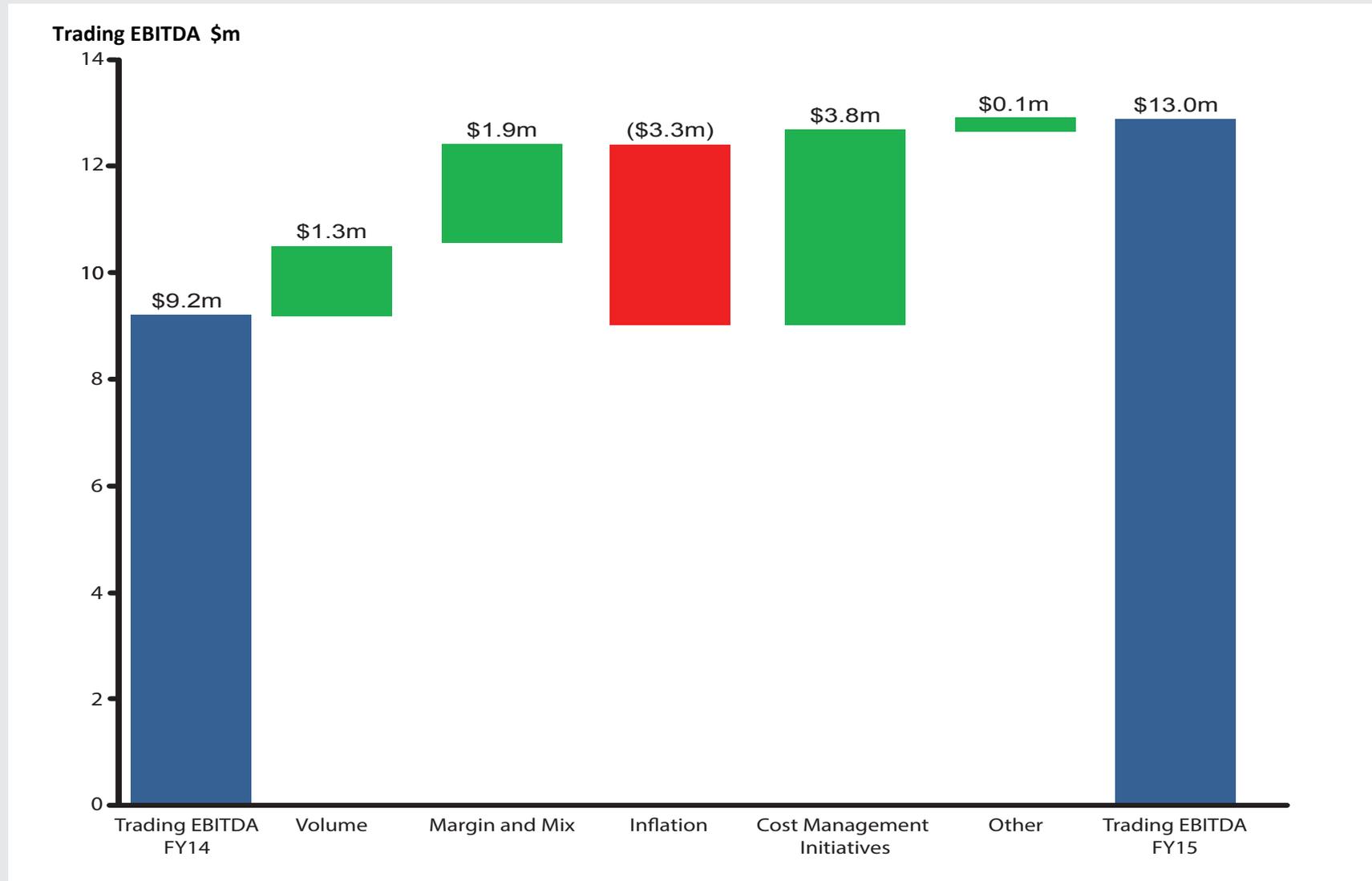
FINANCIAL SUMMARY

TWELVE MONTHS TO DECEMBER 2015

	2015	2014
Sales Volumes - External ('000 tonnes)	57.8	56.5
	\$m	\$m
Sales Revenue	402.6	374.7
Trading EBITDA¹	13.0	9.2
Restructuring related cost	(0.7)	(0.6)
LME Revaluation	(7.0)	3.2
Other one off costs	(0.2)	(0.8)
EBITDA	5.1	11.0
Depreciation/Amortisation	(6.4)	(7.1)
EBIT	(1.3)	3.9
Finance Cost	(1.2)	(1.2)
Statutory (Loss)/Profit after Tax	(2.5)	2.7

¹ See Important Notes (page 2)

TRADING EBITDA BRIDGE



BALANCE SHEET REMAINS STRONG

Operating cash flow level maintained, supported by reducing inventory levels and metal cost

12 months to	\$m Dec 15	\$m Dec 14	\$m Dec 13
EBITDA	5.1	11.0	(41.4)
Working Capital	2.9	(1.2)	3.6
Acquisition Restructuring Costs	-	(2.2)	-
Finance Cost	(1.2)	(1.2)	(0.8)
Equity Compensation Amortisation	0.6	0.7	0.8
Impairment	-	-	41.5
Gain on acquisition	-	-	(3.1)
Other	(0.1)	0.6	(0.1)
Operating Cash Flow	7.3	7.7	0.5
Capex Spend	(3.7)	(3.0)	(3.6)
Interest Received	-	-	0.1
Acquisition	-	(2.8)	(15.9)
Capital Raising	-	-	13.8
Increase/ (Decrease) in Net Cash	3.6	1.9	(5.1)

	\$m Dec 15	\$m Dec 14	\$m Dec 13
Net Assets	110.7	112.9	109.5
Net Cash ¹	20.1	16.5	14.6
Franking Credits	27.1	27.1	27.1
Accumulated unrecognised tax losses	297.6	289.6	287.7

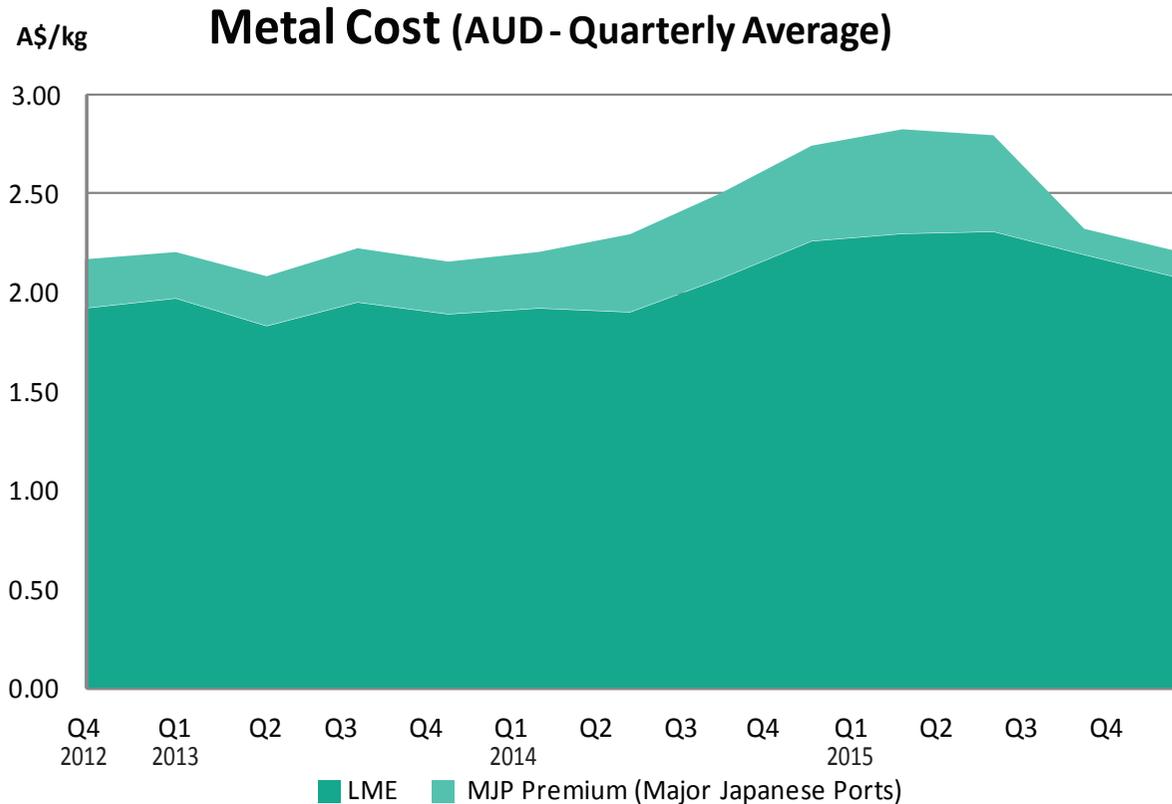
¹ Intramonth average net debt levels \$5.6m, \$15.6 maximum debt level

Robust financial position

The finance facility with GE is primarily utilised for working capital funding

Capral Finance Facilities	\$m Limit	Drawn Down	
		Dec 15	Dec 14
GE Revolver	60	Nil	Nil

METAL COSTS HAVE FALLEN FROM MULTI-YEAR HIGHS

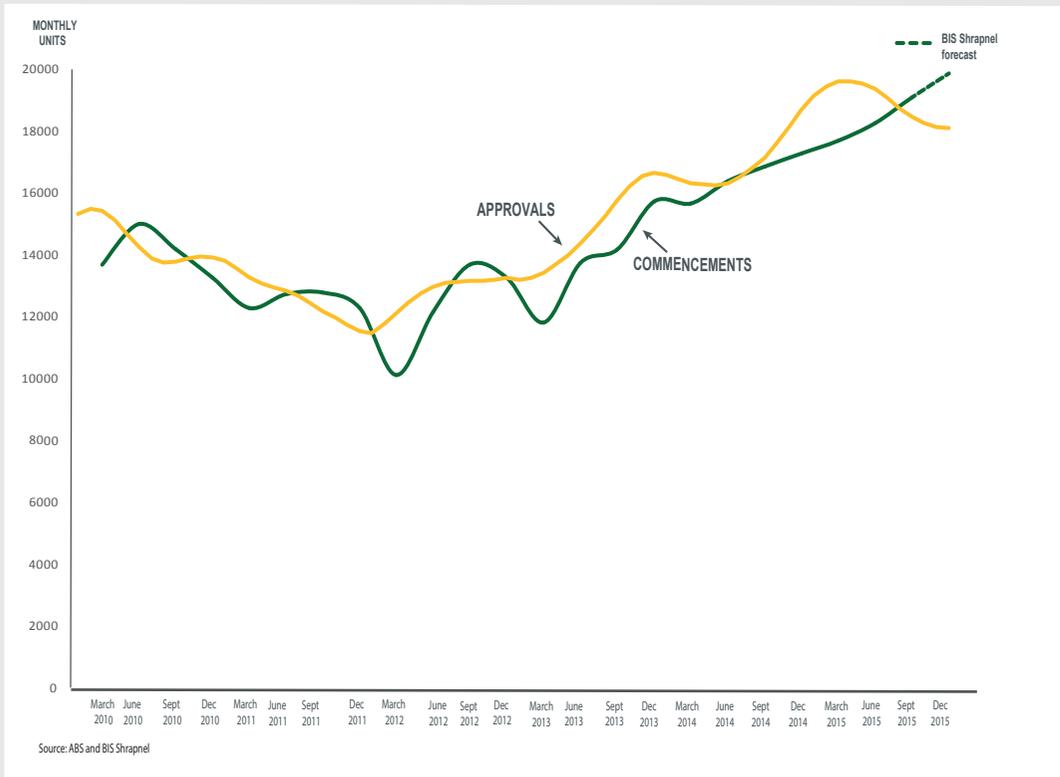


Source: London Metal Exchange, Reserve Bank of Australia, Reuters

- Metal costs reached multi-year highs in Q1 2015
- Metal costs collapsed during the second half of 2015
 - LME down from USD \$1,802t to \$1,495t
 - MJP down from USD \$425t to \$95t
- Resulted in a negative raw material inventory revaluation of \$7.0m during the period

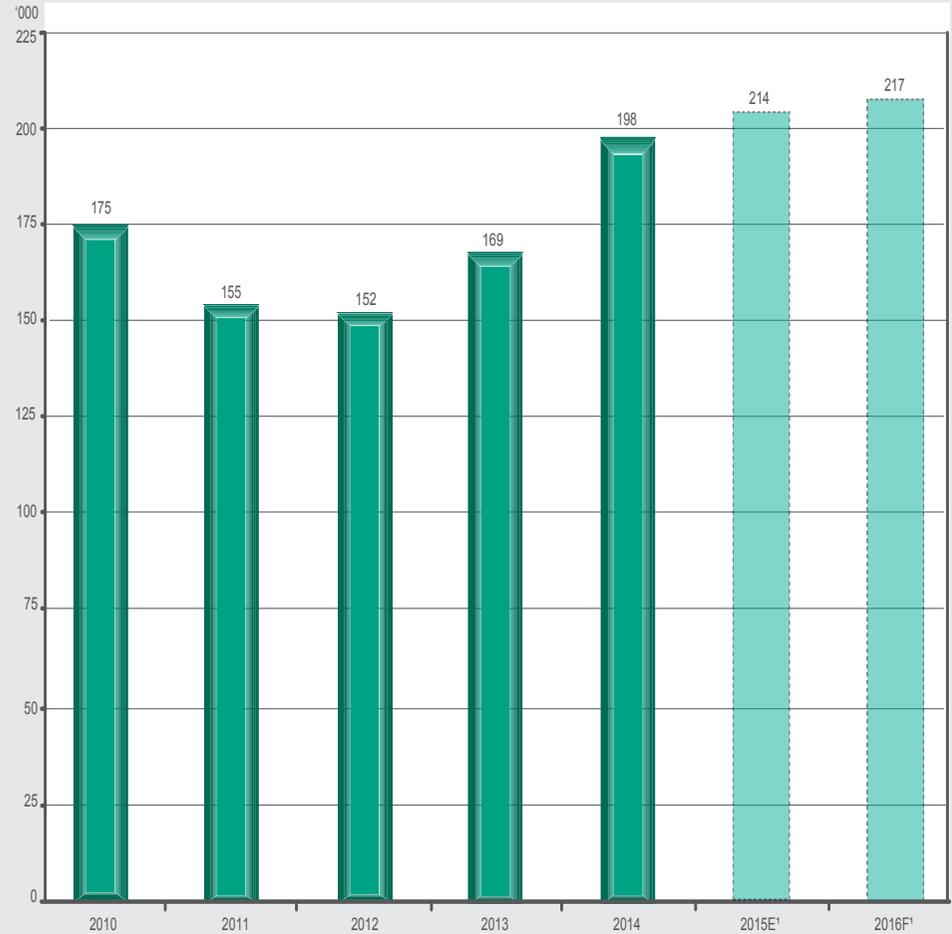
LEVERAGE TO RECOVERY IN RESIDENTIAL CONSTRUCTION

MONTHLY DWELLING APPROVALS AND QUARTERLY DWELLING COMMENCEMENTS



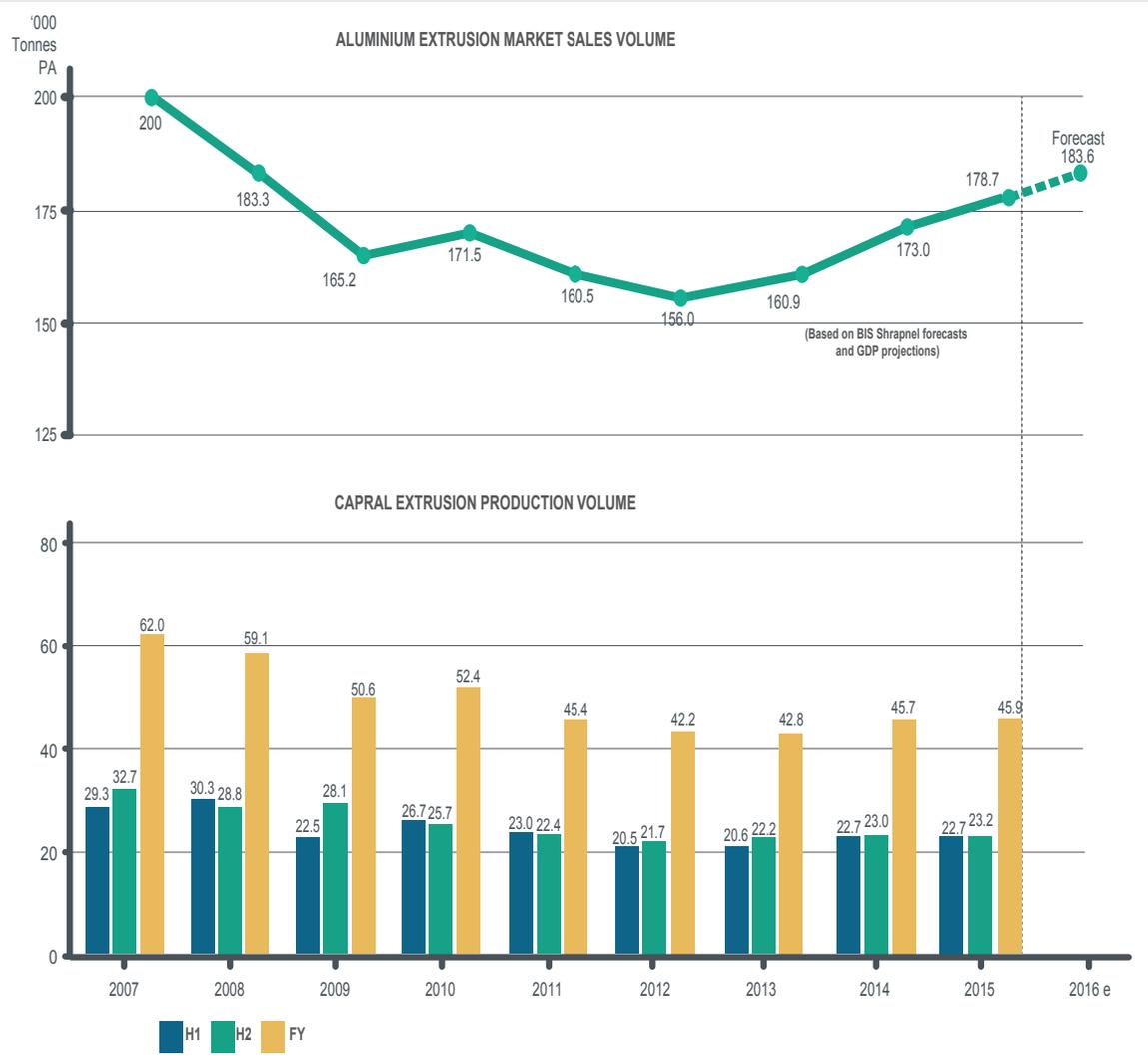
RECOVERY STARTED IN 2013. VERY STRONG MULTI-RES ANTICIPATED TO GROW AT A SLOWER PACE THROUGH 2016

ANNUAL DWELLING COMMENCEMENTS



SOURCE: BIS SHRAPNEL, ABS
¹ BIS Shrapnel Feb 2016 - two quarters delayed

ALUMINIUM EXTRUSION DEMAND IS RECOVERING FROM CYCLICAL LOW LEVELS



- Extrusion Market in 2015 still ~11% below 2007 high
- Recovery is ongoing in the housing sector with dwelling approvals exceeding 211,500 units¹
- An increase in apartments relative to houses has increased the lag between approval and completion and reduced the intensity of aluminium extrusions
- Non-residential building demand increased by 3%¹
- Key Industrial sectors (manufacturing, marine and transport) remained soft in 2015 but are showing signs of improvement

Note:

- Capral has an estimated 28% share of the Australian aluminium extrusion sales volume
- New domestic extrusion capacity has been commissioned over recent years, including extrusion capability installed by traditional Capral customers
- Import market share has fallen to around 35%

¹Source BIS Shrapnel year end June 2015 actual

KEY STRATEGIC INITIATIVES

BUILD

On our strengths

- Widest aluminium product offer
- Large scale extrusion capability
- National distribution network
- Committed and experienced people

OPTIMISE

What we do

- Continue to reduce cost base
- Lean manufacturing drive to world class productivity
- Optimise the supply chain to reduce inventory levels

GROW

In the future

- Leverage our technical expertise with key customers
- Develop innovative new products and value-add opportunities
- Capitalise on positive anti-dumping outcomes

INCREASED ANTI-DUMPING MEASURES AGAINST CHINESE IMPORTS

The impact of the initial anti-dumping measures was modest

- Case won in 2010 but the levels of duties imposed were low
- Circumvention activities diminished the impact

Response and Action

- A sustained campaign by Capral and others has resulted in significant reforms to federal legislation and anti-dumping methodology
- In February 2015 duty avoidance by the largest exporter/importer was found and substantial additional duties were imposed. Their import businesses subsequently closed
- Continuation of measures review finalised in October 2015. Anti-Dumping Commission found ongoing dumping
- Increased anti-dumping measures were imposed for a further five years to 2020
- Two importers have appealed against higher measures and case is before Anti-Dumping review panel. This should be finalised in first half 2016

Key issues being pursued

- Continuing to interact with Government around strengthening the anti-dumping regime
- Continue to monitor and pursue anti-circumvention/non compliance activities
- Preparing anti-dumping cases against other countries in the region

OUTLOOK

- Housing commencements are forecast¹ to be around 216,700 for the 2016 year, up 1% on the strong 2015 market. Detached housing to remain at 2015 levels with multi-residential up 2.5%
- The weakening AUD is positive for local manufacturing and under normal circumstances should assist Capral's competitive position
- Continuation of anti-dumping measures at higher levels should have a positive impact on local extruders
- Capral expects to generate positive operating cash flow in 2016, and be net cash positive at balance dates
- Full year Trading and Statutory EBITDA² is forecast to be between \$13m and \$15m
- On this basis, and absent any unforeseen events, Capral would be in a position to consider a fully franked dividend.

¹ BIS Shrapnel Feb 2016 forecast - two quarters delayed

² See Important Notes (page 2)