



**Shaping a  
Sustainable  
Future**



# 2024 Half Year Results Presentation and Earnings Guidance

28 August 2024

Capral Limited (ASX:CAA)

15 Huntingwood Drive, Huntingwood NSW 2148

Approved and authorised by Capral's Board of Directors

# Agenda

**1** Business Overview

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**2** 1H24 Highlights

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**3** 1H24 Financials

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**4** Strategy

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**5** Outlook & Guidance

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## Our business at a glance

Australia's leading supplier of aluminium extrusion and rolled products

**#1**

**Manufacturer of**  
Aluminium Extrusion

**#1**

**Distributor of**  
Aluminium Sheet and Plate

**#1**

**Supplier of**  
Industrial Extrusion

**#1**

**Supplier of**  
Aluminium Value Add Services

**#2**

**Distributor of**  
Window and Door Framing Systems  
(Extrusion and Hardware)

# Our business at a glance



**6** Plants

**8** Extrusion Presses

**65,000 tonne**  
Annual extrusion capacity



**8** Distribution Centres

**15** Trade Centres



**Key Markets**

Residential and  
Commercial Construction  
Industrial



**~28%**

Market Share



**~\$640 million<sup>1</sup>**

Annual Turnover

<sup>1</sup> Last 12 months



**~\$455 million**

Total Assets



**1000+**

Employees

# Half year highlights

*"Volume and earnings in line with expectations:*

- Residential demand was weaker than prior year due to low commencements and reduced pipeline*
- Industrial demand remained solid*
- Margins maintained through effective cost management and recovery."*

**Tony Dragicevich, CEO & Managing Director**



# 1H24 Performance highlights

Half year results in line with expectations

## Volume

**33,500 tonne**

35,600t 1H23

↓ 6%

## Sales Revenue

**\$313m**

\$330m 1H23

↓ 5%

## Underlying EBITDA<sup>1, 2</sup>

**\$28.7m**

\$31.7m 1H23<sup>4</sup>

↓ 9%

## Underlying EBIT<sup>2</sup>

**\$16.9m**

\$20.7m 1H23<sup>4</sup>

↓ 18%

## EBITDA<sup>1</sup>

**\$29.2m**

\$31.1m 1H23<sup>4</sup>

↓ 6%

## NPAT

**\$14.7m**

\$16.6m 1H23

**EPS \$0.83**

\$0.93 1H23

↓ 11%

## Net Cash

**\$67.8m**

\$59.5m Dec23

↑ 14%

## NTA per share

**\$10.43**

\$9.89 Dec23

↑ 5%

## Capital Management

**~18 cps**

**equivalent buy-back**

No interim dividend declared  
(1H23: 20 cps)

## Safety Performance

**4.7 TRIFR<sup>3</sup>**

4.9 1H23

### Notes

1. EBITDA is defined as Earnings before Interest, Tax, Depreciation and Amortisation
2. Underlying EBITDA and EBIT are adjusted for significant items: LME revaluation (1H24: \$0.6m, 1H23 (\$0.6m))
3. TRIFR is total reportable lost time and medically treated injuries per million work hours
4. 1H23 included one-off claims cost provision reversal benefit \$2.0m

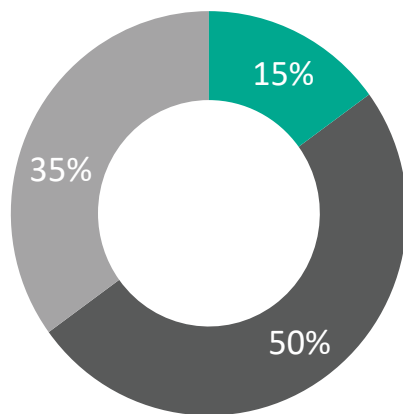
# Sales channels

## Industry diversification supports volume during housing downturn

### Volume 6% down on 1H23 in line with expectations

- Residential soft as commencements remained low and backlog dissipated
- Resellers returned to imports as supply chain normalised
- Partially offset by ongoing infrastructure investment and strength in industrial sectors
- Industrial exposure has lifted 4% points since 2018
- Residential exposure has fallen 4% points since 2018

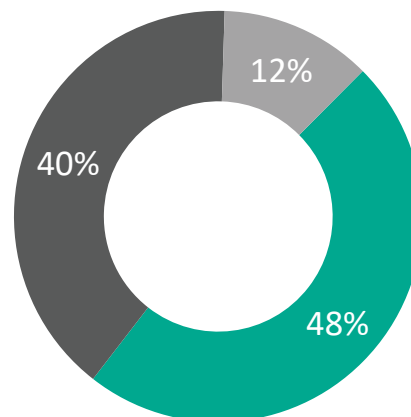
**Channels to Market (volume)**



- Extruded Aluminium (direct from mill)
- Extruded Aluminium (via distribution centres)
- Rolled Aluminium plate (via distribution centres)

Source: Capral

**Industry Exposure**



- Residential Building
- Commercial Construction
- Industrial

**Volume (six monthly)**



Source: Capral

# Detached housing commencements have slowed

## Multi-residential expected to lead recovery

### 2024

**Latest estimate<sup>1</sup> 165,000 starts in 2024**

- Residential starts impacted by:
  - High interest rates
  - Removal of government incentives
  - Higher building costs
- Detached dwellings on par with 2023
- Low-rise multi-residential down by 6%, high-rise up by 9% off a low 2023

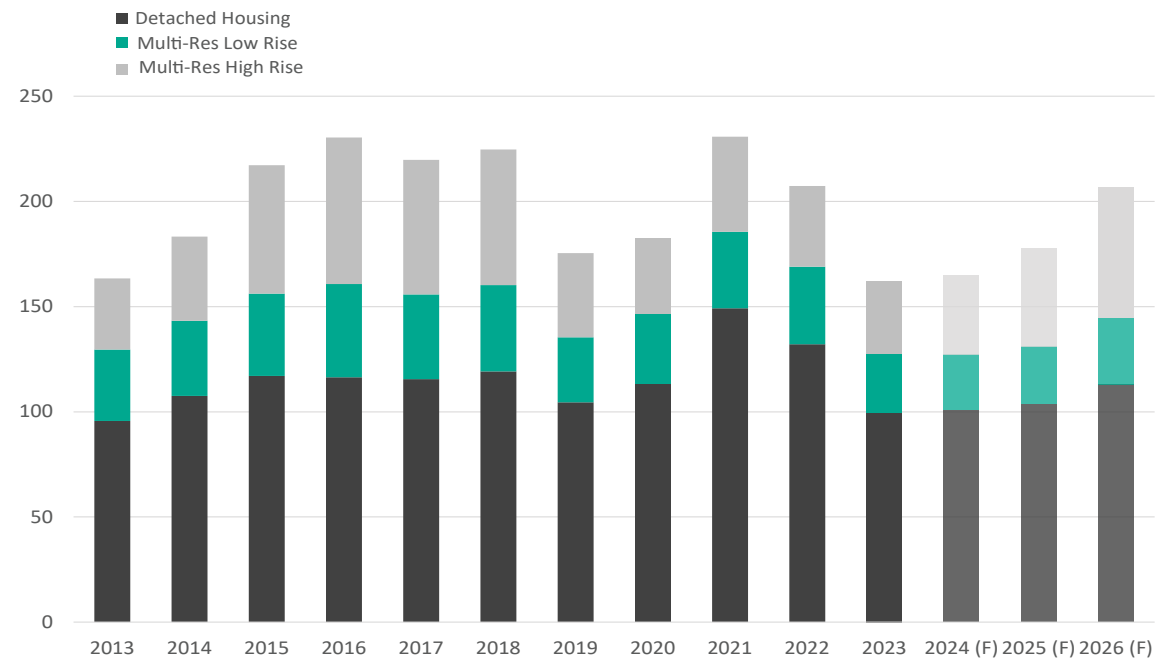
### Future

**Forecasted<sup>1</sup> starts 178,000, in 2025**

- Approvals impacted by high interest rates and affordability
- Detached dwellings forecast to improve by 7%
- Multi-residential strong growth forecast

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

### Annual Dwelling Commencements<sup>1</sup> (000's)



<sup>1</sup> Source: HIA (Aug 2024)



# Recent Capral Projects

## Residential



↑ **Phoenix Terraces Islington, NSW**

**Fabricator**  
Fin Windows

**Products**  
Capral Urban Windows & Doors

**Builder**  
SNL Building



↑ **Eagle Bay Beach House, WA**

**Fabricator**  
Busselton Aluminium Windows

**Products**  
Capral Artisan Framing System

**Builder**  
Dane Design Australia



↑ **The Palms Collaroy, NSW**

**Fabricator**  
PCW Commercial Windows

**Products**  
Capral AGS Framing System

# Recent Capral Projects

## Commercial



↑ Catherine McCawley College, NSW

**Fabricator**

PCW Commercial  
Windows

**Products**

Capral AGS Framing System



↑ Monterey Community Centre, NSW

**Fabricator**

PCW Commercial  
Windows

**Products**

Capral AGS Framing System



↑ Gold Coast Airport, QLD

**Fabricator**

Queensland Glass

**Products**

Capral Curtain Wall System

# Industrial sector remains solid

## Underpinned by broad industry diversification



### Transport

- Sector holding at record highs on growing freight demand
- Customer order books out to 2025



### Marine

- Commercial ferry builds solid local demand
- Defence shipbuilding forecast to lift
- Recreation vessels demand slowing



### Solar

- Demand for local solar rail supply steady
- Government Sunshot initiative provides opportunity in coming years



### Industrial Construction

- Infrastructure investment steady
- Cladding sector demand continues to grow for facades and sunshades



### Manufacturing & General Fabrication

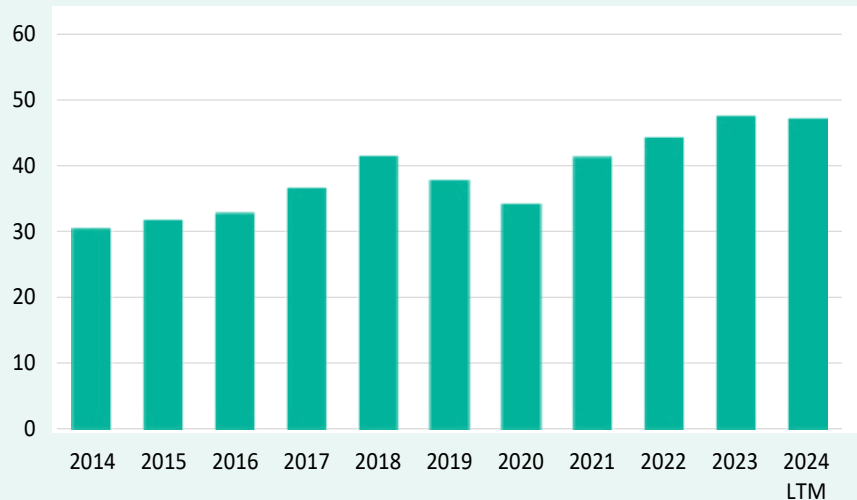
- Markets solid and share gains holding against imports
- Global freight delays and increased costs assisting



### Resellers

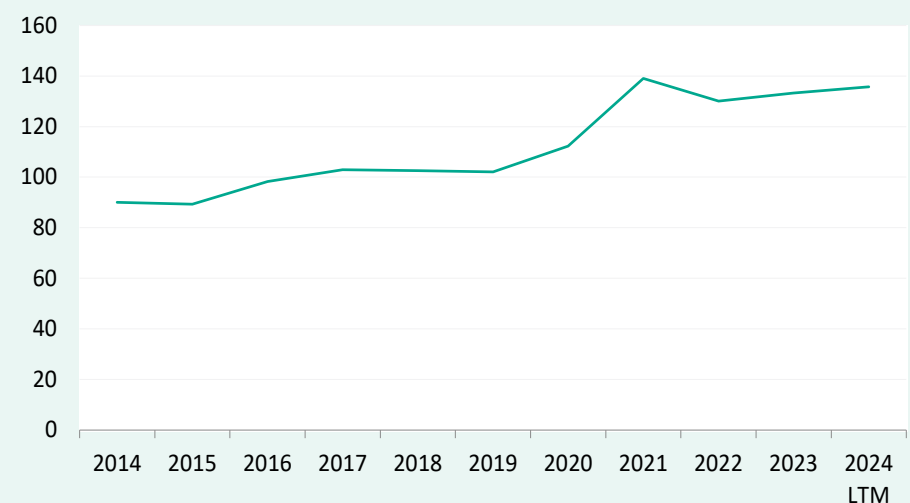
- Volume to resellers softened due to return to imports
- Expanding Capral's footprint through acquisition

**New Truck and Van Builds (000's)**



Source: Truck Industry Council of Australia

**Total Capral Industrial Volumes**



Source: Capral (Indexed from 2012)



# Recent Capral Projects

## Industrial



↑ **Borcat Trailers**  
Trailer Manufacturer  
Wetherill Park, NSW



↑ **Ciltech**  
Marina manufacturer  
Wangara, WA



↑ **Incat**  
Ferry builder  
Hobart, TAS

# Half year highlights

*"Underlying earnings performance and cash generation remains strong despite lower volume and inflationary pressures."*

**Tertius Campbell, CFO**

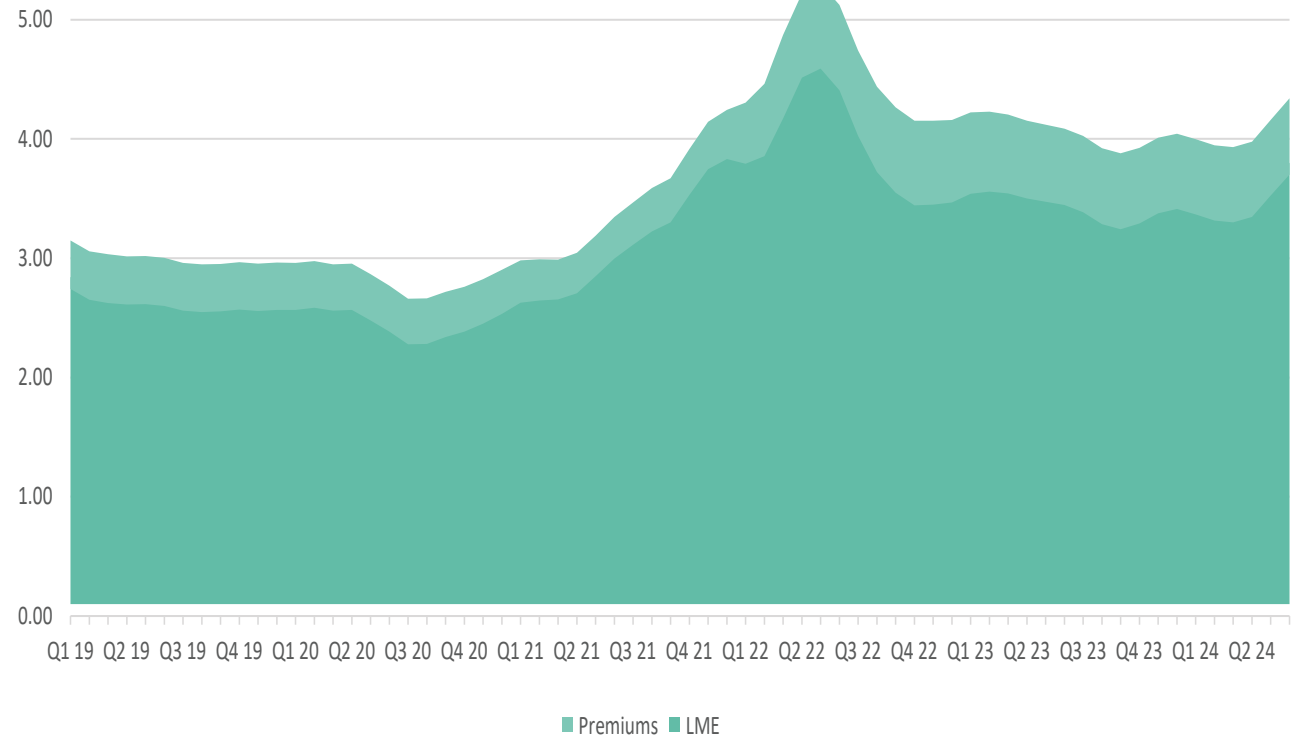


# Metal cost broadly in line with 2023

1. Average Premiums decreased marginally during 1H24, due to lower regional premiums
2. The international LME price is volatile and impacted by global supply factors.

Average LME remained on par with FY23 at \$A3,430t. LME spiked 15% in 2Q24 but has fallen back in July/August

**Aluminium Price \$A**  
(LME & Premiums)



# Earnings in line with expectations

## Strong underlying EBITDA

- 1 Volume 6% lower than 1H23
- 2 Sales Revenue down 5% on 1H23, reflecting lower volume
- 3 Underlying EBITDA (excluding one-off claims cost reversal of \$2m in prior year) slightly below 1H23 despite inflationary pressures
- 4 Depreciation on owned assets increased mainly due to Penrith press rebuild  
Depreciation on Right of Use assets increased due to new leases on properties and forklifts
- 5 Operational Finance Cost is low with no short-term working capital loans during 1H24



	1H24	1H23
Sales Volume ('000 tonnes)	33.5	35.6
	\$m	\$m
Sales Revenue	313.4	329.6
<b>Underlying EBITDA<sup>1</sup></b>	<b>28.7</b>	<b>31.7</b>
Depreciation/Amortisation		
- Owned Assets	(4.5)	(4.0)
- Right of Use Assets	(7.3)	(7.0)
<b>Underlying EBIT<sup>1</sup></b>	<b>16.9</b>	<b>20.7</b>
LME and unrealised FX Revaluation	0.6	(0.6)
<b>EBIT</b>	<b>17.5</b>	<b>20.2</b>
Finance Cost		
- Operational Funding	(0.4)	(1.4)
- Right of Use Leases	(2.4)	(2.1)
<b>Net Profit Before Tax</b>	<b>14.7</b>	<b>16.6</b>
Income Tax	-	-
<b>Net Profit After Tax</b>	<b>14.7</b>	<b>16.6</b>
Earnings Per Share (\$/share)	0.83	0.93
<b>Underlying Net Profit After Tax<sup>1</sup></b>	<b>14.1</b>	<b>17.2</b>
Underlying Earnings Per Share (\$/share)	0.81	0.96

<sup>1</sup> See Note 2 (page 7)

# Strong balance sheet

## underpinning capital management initiatives

- 1 Inventory increased due to normal mid-year higher stock levels and higher metal prices (LME) than end 2023
- 2 Receivables metrics remain excellent with DSO at 43 days (HY23:44 days)
- 3 \$60m debt facility with ANZ Bank, expiring April 2025, with sufficient headroom to fund working capital and trade instruments (LC's). No short-term loans utilised this half
- 4 Lease Liabilities (current and non current) of \$88.1m, primarily property leases as defined by AASB16, net impact is reduction in Net Assets of \$25.0m due to timing of lease terms

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

- EBITDA Interest cover<sup>1</sup> at an average of 22.5 times (HY23:19.4)

<sup>1</sup> The calculation of interest cover used for bank covenant purposes differs from calculations drawn directly from the financial statements

<sup>2</sup> Subject to same business test

Balance Sheet		Jun 24	Dec 23
<b>Current Assets</b>		<b>\$m</b>	<b>\$m</b>
Inventory	1	137.0	126.1
Trade Receivables	2	97.5	89.3
Cash and Equivalents	3	67.8	59.5
Others		2.6	2.7
		<b>304.9</b>	<b>277.6</b>
<b>Current Liabilities</b>			
Trade Payables		(133.3)	(107.0)
Lease Liabilities	4	(16.4)	(15.6)
Borrowings	3	-	-
Provisions and Other		(15.8)	(17.0)
		<b>(165.5)</b>	<b>(139.6)</b>
<b>Net Current Assets</b>		<b>139.4</b>	<b>138.0</b>
Non Current Owned Assets		87.0	84.8
Non Current Right of Use Assets		63.1	62.7
Non Current Lease Liabilities	4	(71.7)	(73.2)
Non Current Provisions		(7.6)	(7.6)
<b>Net Assets</b>		<b>210.2</b>	<b>204.7</b>
Net Tangible Asset Value (\$m)		181.6	177.4
NTA per share (\$/share)		\$10.43	\$9.89
Franking Credits (\$m)		-	2.7
Accumulated Unrecognised Tax Losses (\$m) <sup>2</sup>		95.3	109.5



# Strong cash generation with cash released from lower working capital

Continued strong focus on cash management. Cash conversion ratio improved due to reduction in working capital.

- 1 Working capital decrease driven by strong collections and timing of payments
- 2 Finance cost lower due to Trade Loans not utilised in HY24
- 3 Capex in line with plan
- 4 Acquisition of trade centre assets from Aluminium Trade Centre (ATC) in HY24 and Allyman Aluminium in HY23
- 5 Trade Instruments mainly letters of credit (drawn and open) in relation to imported product

Cash Flow	1H24	1H23
	\$m	\$m
Underlying EBITDA <sup>1</sup>	28.7	31.7
Working Capital	1 5.9	8.6
Finance Cost	2 (2.6)	(3.2)
<b>Operating Cash Flow</b>	<b>31.8</b>	<b>37.1</b>
Capital Expenditure	3 (4.7)	(5.0)
Interest Received	0.8	0.3
Acquisition/Investment	4 (2.4)	(0.2)
Rent Principal	(8.1)	(7.7)
<b>Free Cash Flow</b>	<b>17.4</b>	<b>24.5</b>
Proceeds from (repayment of) borrowings	-	(24.1)
Other	0.1	(0.3)
Distributions to Shareholders	(9.3)	(8.9)
<b>Increase/(Decrease) in Net Cash</b>	<b>8.2</b>	<b>(8.8)</b>

## Bank Facility Usage

Bank Guarantee	4.9	4.4
Trade Instruments	5 33.5	26.3

## Net Cash Position

Cash Balance in funds	67.8	41.2
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<sup>1</sup> See Note 2 (page 7)

# Disciplined capital management driving returns for shareholders

## 1. Dividends

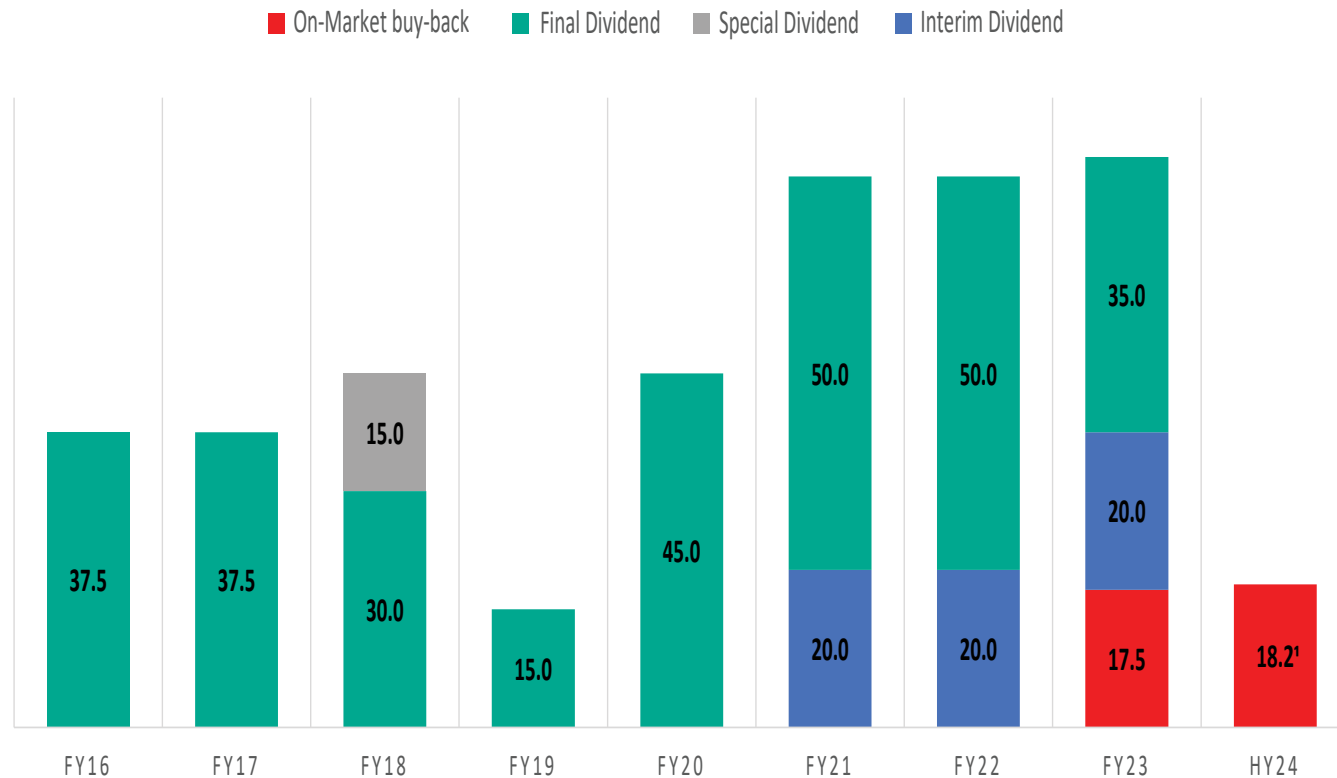
- Capral resumed paying dividends in 2017 for FY16
- All dividends were fully franked
- Future dividends will be unfranked until Capral has utilised available tax losses

## 2. Franking Credits

- Franking Credit balance \$27.1m in 2016
- All Franking Credits have been distributed

## 3. Buy-back (on-market)

- Tranche 1 in 2H23, 364,000 shares bought back and cancelled at a cost of \$3.1m (\$8.62 per share)
- Tranche 2 announced in 1H24, buy back up to 10% of issued shares
- 340,335 shares bought back in 1H24 at a cost of \$3.2m (\$9.30 per share)
- Buy-back will recommence on 2 September 2024



<sup>1</sup> Based on weighted average number of shares on issue.  
Further buy-backs to be determined by Board

# Strategy and outlook

*"We continue to focus on increasing return on invested capital, improving our competitive position, and growing our presence in aluminium distribution."*

**Tony Dragicevich, CEO and Managing Director**



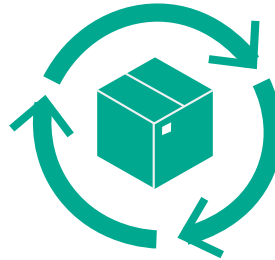
# Clearly Defined Strategy

## Build, Optimise and Grow



### 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



### 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



### GROW for the future

- Leverage our capabilities into new opportunities
- Develop innovative new products and channels to market
- Enhance presence in architectural markets
- Expand footprint



# 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 upgrading shop floor control systems
- Complete upgrade of Penrith extrusion plant



## Distribution

- Capral's new window and door range and systems software released to market
- New paintline operational in NSW
- 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), digital marketing (EDM), and AI
- Upgrades to website and e-store recently completed
- Customer partnership programme "Crafted with Capral" continues
- Promoting our capability with release of "Capral Can Do" videos



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

## Market Development



### Lower-carbon Aluminium

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



### Solar

- Grow share against imports in the \$60m+ solar rail market
- Capitalise on Government funded Sunshot programme to develop local solar panel manufacturing capability



### Cladding

- Work with cladding system suppliers to address new fire standards and recladding opportunities



### Imports & Anti-dumping

- Retain market share gains
- Continue to fight for fair trade
- Measures in place with China, Malaysia and Vietnam
- Continuation of measures on Chinese imports will be reviewed late 2025
- Aluminium added to strategic minerals list

# ESG Framework

## On a path to a better tomorrow

### 2024 Highlights

- Capral's Integrated Management System enhanced to align with International Financial Reporting Standards (IFRS), including data capture for Environmental Product Declarations
- Expansion of Capral Learning Hub and external course content to enhance employee skills through training and education
- Enhancement and tracking of third-party freight for Scope 3 purposes and the incorporation of lower-emission vehicles

### 2024 Waste Strategy Vision

Capral to become a zero-waste company where waste is avoided, reused and recycled

### Target

Capral has a long-term vision to facilitate growth of recycling and resource recovery to reduce Capral's waste by 10% by 2030 with performance measured using 2020-24 baseline data



### Three Pillars of Sustainability



#### Environment

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



#### Social

- Our people
- Community engagement
- Safety



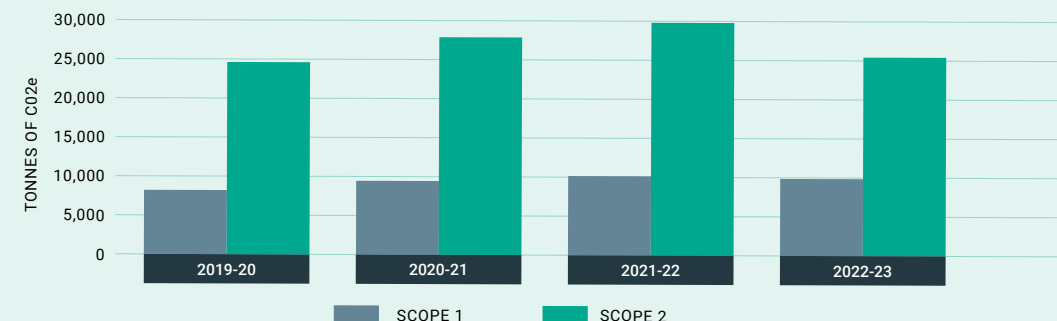
#### Governance

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

### Our Commitment

- Increase the circularity of aluminium and sourcing of lower carbon aluminium
- Net Zero by 2050 (Scope 1 & 2 emissions)
- 20% reduction by 2030 (Scope 1 & 2 emissions)
- Aluminium Stewardship Initiative (ASI) certification
- IFRS reporting planned for 2025
- Global Reporting Initiative alignment
- United Nations Sustainability Goals

### Carbon Emissions (CO2e) Scope 1 & 2



# Outlook

## Earnings guidance unchanged

- FY24 Underlying EBITDA<sup>3</sup>, absent unforeseen events, expected to be in the range of \$50m to \$54m, with NPAT between \$23m and \$27m
- Industrial and Commercial markets are expected to remain firm
- Residential building commencements are forecast<sup>1</sup> to remain soft for the remainder of 2024 and to start recovering in 2025
- LME<sup>2</sup> is volatile and subject to global factors, but is expected to moderate in second half of 2024
- Inflationary cost pressures continue to impact, especially; employee, energy, packaging and freight costs
- Working capital levels are expected to remain close to current levels
- Capital expenditure planned to be at \$10m
- On this basis, Capral would be in a position to continue the return to shareholders, firstly in the form of on-market share buy-backs and topped up by unfranked dividends if required

<sup>1</sup> Source: HIA Aug 2024 forecast

<sup>2</sup> Source: Harbor Aluminium Intelligence Unit.

<sup>3</sup> 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.







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**Questions & Appendix**

# 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. Springwood AC
7. Gold Coast (Burleigh Heads) AC
8. Archerfield AC

### New South Wales

9. Newcastle AC
11. Huntingwood RDC
12. Rockdale AC
14. Wollongong AC

### Victoria

15. Lynbrook AC
16. Carrum Downs AC
17. Noble Park AC
18. Campbellfield RDC
19. Laverton AC

### South Australia

21. Kilburn RDC

### Western Australia

22. Canning Vale RDC
23. Welshpool AC
24. Wangara AC

### Northern Territory

25. Darwin RDC

### Tasmania

26. Hobart RDC

RDC - Regional Distribution Centre  
AC - Aluminium Trade Centre

