

## CAPRAL ASX ANNOUNCEMENT

### Annual General Meeting Addresses and Proxy Results

*Wednesday, 8 May 2024*

Attached please find the Chairman's, Chairman Elect's and Managing Director's addresses as will be delivered at today's 2024 Annual General Meeting (AGM) starting at 10am.

Also attached is the Computershare Proxy Tabulation Report dated 7 May 2024.

To attend and participate in the meeting virtually, which is broadcast as a live webinar, go to <https://meetnow.global/MJWDR4A>

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:

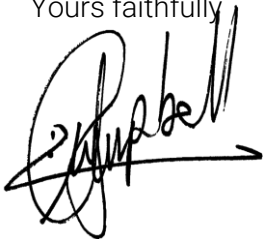
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**Investors**

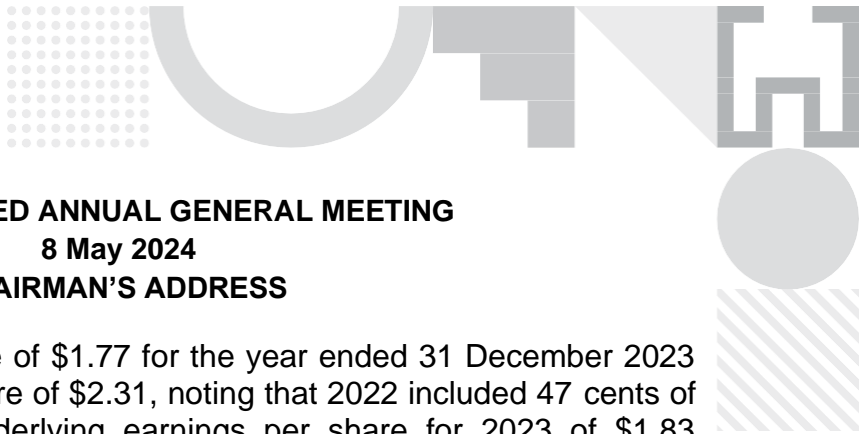
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Yours faithfully



**Tertius Campbell**  
CFO and Company Secretary





## **CAPRAL LIMITED ANNUAL GENERAL MEETING**

**8 May 2024**

### **CHAIRMAN'S ADDRESS**

Capral delivered earnings per share of \$1.77 for the year ended 31 December 2023 compared to 2022 earnings per share of \$2.31, noting that 2022 included 47 cents of income tax benefit per share. Underlying earnings per share for 2023 of \$1.83 compared to \$1.96 in 2022.

Revenues of \$657 million in 2023 were 5% lower than the comparative year on 1% lower volume. The lower sales revenue was primarily due to a 12% reduction in average metal cost as a result of lower global aluminium prices (LME).

Despite the lower revenues, Capral delivered Underlying EBITDA<sup>1</sup> of \$62.5 million, up slightly on the \$62.2 million in the prior year and ahead of guidance. Underlying EBIT<sup>1</sup> fell 3% to \$39.5 million as compared to \$40.8 million in 2022. Reported Net Profit After Tax (NPAT) of \$31.8 million compares to \$40.8 million in 2022. The previous year NPAT included \$8.4 million arising from recognition of deferred tax assets brought to account.

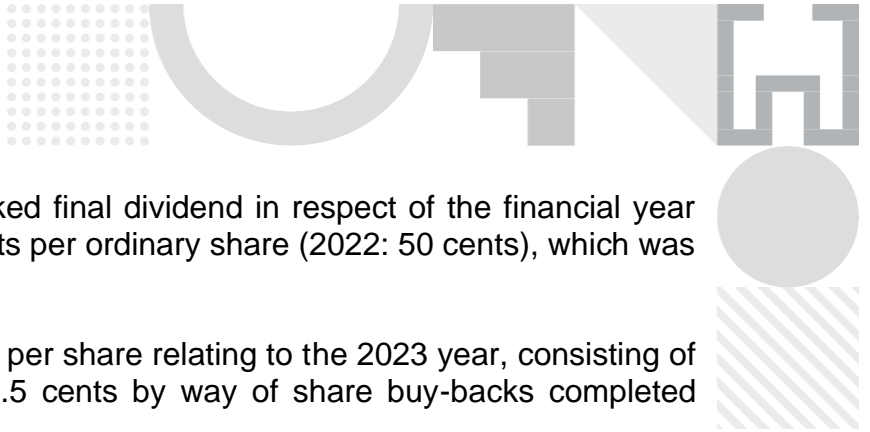
Underpinned by the benefits from the operational restructure completed in 2019, Capral continued to leverage the capacity utilisation of its extrusion plants. This high productivity and operational leverage combined with favourable sales mix contributed to near record profitability. Demand in our key non- residential sectors, especially transport and industrial, remain robust whilst we continue to retain some of the share gains previously won against imports. As previously foreshadowed residential construction, particularly in the detached dwelling segment, weakened in the second half and is expected to decline further in 2024.

A substantial reduction in working capital during the year contributed to the increase of \$35 million in Net Cash<sup>2</sup> to \$59 million at 31 December 2023. The company's balance sheet is strong, allowing us to continue to balance our utilisation of free cash between funding both external and internal growth, as well as returning cash to our shareholders through share buy-backs and/or dividends.

### **Capital Allocation**

Your board is committed to ensuring that capital allocation priorities are balanced between investment opportunities for growth through: acquisitions, capital expenditure, funding working capital, sustaining maintenance capital expenditure, and returns to shareholders through share buy-backs and/or cash dividends.

Having prioritised the return of franking credits to shareholders for several years, the payment of the fully franked final dividend of 35 cents per share for the year ended 2023 has now exhausted the Company's franking credits. As Capral has substantial tax losses to carry forward, any dividends which may be paid in the foreseeable future will therefore be unfranked.



## **Dividend and Buy-Back**

The Company declared a fully franked final dividend in respect of the financial year ended 31 December 2023 of 35 cents per ordinary share (2022: 50 cents), which was paid on 22 March 2024.

Capral returned a total of 72.5 cents per share relating to the 2023 year, consisting of 55 cents in cash dividends and 17.5 cents by way of share buy-backs completed during the 2023 year.

Capral commenced an on-market share buy-back of up to 10% of its issued shares on 11th March 2024. As at 30th April 2024, the Company has returned \$1.1 million to shareholders which equates to approximately 6 cents per share through the buy-back of 114,000 shares. The Company will continue to ensure that distributions to shareholders remains a key component of Capral's capital allocation policy. Share buy-backs will form the major portion of value returned for the benefit of our shareholders.

## **Safety and Sustainability**

Capral is committed to pursuing excellence in its delivery of effective safety for all employees and sustainability across all parts of its business. Following up on the excellent safety results achieved in 2023, the Capral team has maintained that performance in the year under review and continues to better the comparative results of our listed peers.

The environment is a key priority for Capral. From an Environmental, Social and Governance perspective, we have committed to Net Zero by 2050 (Scope 1 and 2 emissions) by driving sustainability best practice throughout the business.

Emission reduction targets are on track and diversity targets have been established. New waste management system trials are underway, and environmental, social and governance plans rolled out to all major Capral facilities.

I urge stakeholders to read the Sustainability Report in the annual report, which details the many well-advanced initiatives.

## **Looking Ahead**

Whilst we expect the detached housing sector to decline further, the non-residential and industrial segments of our business should remain relatively firm. Capral is facing some headwinds and challenges in the year ahead, including ongoing cost inflation and margin maintenance in a softer market, which we anticipate will impact on earnings in 2024. Despite this softer market and lower earnings outlook, Capral is committed to investing in growth and returning capital to shareholders going forward.

## **Board Changes**

As previously advised, I will be retiring from the board at the conclusion of today's AGM, thus completing the comprehensive renewal of your board. Over the past 15 years I have observed the Capral team work tirelessly to develop and embrace the Capral vision and maintaining Capral's values while transforming your Company into



the strong innovative leader in its field. The past five years, in particular, have seen Capral deliver consistently strong and sustainable returns for shareholders.

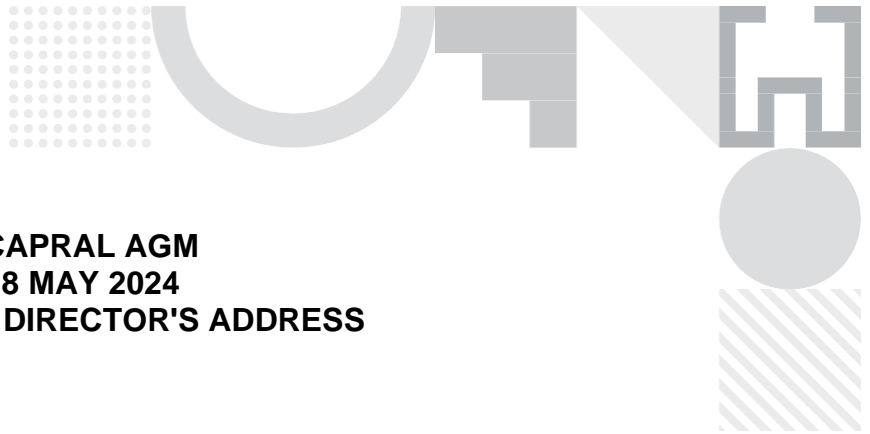
As announced on April 2nd, Mark White has been appointed to succeed me as Chair at the conclusion of today's meeting. My co-directors and I are confident that Mark will be an effective leader of the board. As an active member of the board since 2021, Mark has worked with his co-directors and the management team and has contributed to the Company's success and record performance during his tenure at Capral.

On behalf of the board, I wish to thank all the Capral team and our stakeholders for their ongoing support during 2023. Thank you to my co-directors for their strong backing and many contributions throughout the past years.

Rex Wood-Ward  
Chairman

1 Capral believes that Underlying EBITDA, EBIT and Earnings per Share provides a better understanding of its financial performance and allows for a more relevant comparison of financial performance between financial periods. The Underlying EBITDA, EBIT and Earnings per Share are presented with reference to the ASIC Regulatory Guide 230 "Disclosing non-IFRS financial information" issued in December 2011.

2. Net Cash is cash and cash equivalents (\$59.5 million) less short-term borrowings (nil).



**CAPRAL AGM  
8 MAY 2024  
MANAGING DIRECTOR'S ADDRESS**

**Financial Review**

Market conditions were strong in the first half of 2023, with volumes assisted by a healthy pipeline of work in the residential housing sector. Conditions softened in the second half as the market slowed and import supply chains normalised. However, overall volume for 2023 remained solid which allowed Capral's manufacturing plants to run at good levels of efficiency.

As interest rates lifted, the housing market slowed from its record highs that were driven by post-COVID government stimulus programmes. Housing starts for 2023 finished at 163,000, the lowest level in a decade, 10% lower than 2022, and down around 30% from the 2021 peak. Commercial construction activity also slowed during the year. Our key industrial markets however remained relatively strong, underpinned by robust levels of economic activity and infrastructure spend.

The international LME price of aluminium eased during the 2023 year from the elevated highs of 2022 impacted by global supply factors. Capral's average LME cost for 2023 was 12% below last year. This flowed through to lower selling prices and working capital levels.

Capral delivered another strong profit result in 2023 with underlying EBITDA<sup>1</sup> of \$62.5 million (2022: \$62.2m) on slightly lower sales volume, and an underlying Net Profit After Tax<sup>1</sup> of \$31.8 million (2022: \$32.4m). An excellent result, demonstrating how far Capral has progressed over the last five years in being able to deliver strong sustainable earnings.

Debtor collections were good, and inventory reduced. The lower working capital level contributed to a very strong cash flow resulting in a Net Cash<sup>2</sup> balance of \$59m at year end.

Capral paid fully franked dividends for FY23 of 55 cents per share (FY22:70cps). Capral also completed an on-market share buy-back equivalent to 17.5cps, taking total distributions to shareholders for 2023 to 72.5 cps (FY22:70cps).

**Key Initiatives and Strategies**

Key high-level strategies remain consistent with prior years.

- Build on our strengths
- Optimise what we do
- Grow for the future

In the year ahead we will continue the focus on our Smithfield and Penrith extrusion plants and our new paint line at Huntingwood. During 2023 we successfully completed the first stage of the Penrith extrusion plant upgrade, a major undertaking replacing the press line, hydraulics, and control systems. The second stage, involving the replacement of the billet furnace and saw, will take place late this year. These recent investments

provide Capral an enhanced manufacturing presence in NSW delivering freight savings and improved service to customers.

We will continue to grow Capral's aluminium distribution business with the objective of increasing the volume and profitability of Capral's direct distribution channel. Over the past 18 months we added two Aluminium Centres to the Capral distribution footprint with acquisitions of existing businesses in North Brisbane and Wollongong. In addition, we recently announced the acquisition of the Aluminium Trade Centre business in Melbourne, adding two more trade centres to our network. We continue to seek opportunities to expand our footprint.

## **Fair Trade**

Capral continues to lead the local aluminium industry in the pursuit of fair trade, recent activities included:

- A review of measures on Chinese imports resulting in increased floor prices, the continuation of measures will be reviewed again in 2025
- Successfully appealed the withdrawal of measures against Malaysian and Vietnamese imports resulting in measures being re-instated

These decisions are being challenged by foreign exporters, through their import partners in Australia.

Market share gains have been made against imports over the last few years, however imports continue to represent over 30% of the total Australian extrusion market. Now that supply chains have normalised, we will need to continue the fight to retain a fair share for the local extrusion industry which contributes over 2000 direct jobs to the Australian economy.

## **Safety**

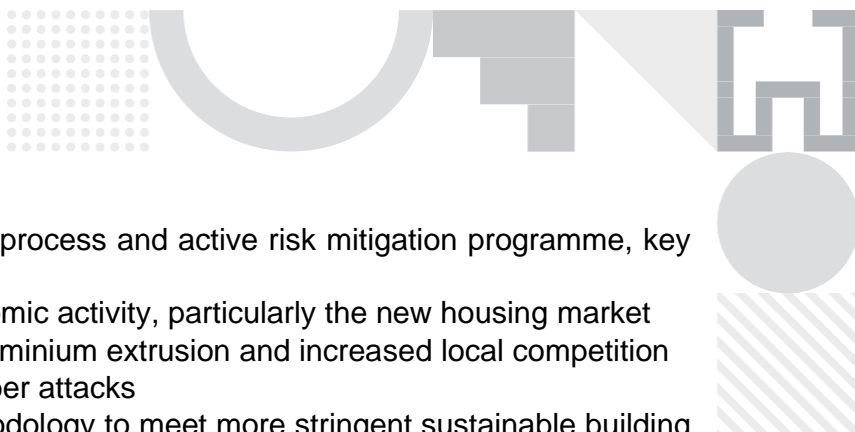
Safety First is the most important of Capral's five key values. We continue our focus on risk assessment, training, safety systems and culture. Capral's safety performance was exceptional again this year, recording a total reportable injury frequency rate (TRIFR) of 4.4, well below the peer average for listed building products manufacturers.

## **Sustainability and ESG**

Capral's journey to net zero emissions by 2050, including a 20% reduction by 2030, is progressing well. During the 2023 financial year Capral's scope 1 & 2 emissions, per tonne of aluminium produced, fell by 6.1% as a result of operational energy efficiencies, and a partial transition to renewable energy sources.

Capral achieved Aluminium Stewardship Initiative (ASI) certification during the year making us the only extruder in the region to secure this globally recognised accreditation. This has enabled Capral to offer certified lower carbon aluminium options to the Australian market through our trademark brand, LocAl®.

Capral has considered the overall impact of current ESG issues and has not discovered any resulting material impact on our financial statements at this point.



## Key Operating Risks

Capral has a robust risk assessment process and active risk mitigation programme, key risks include:

- Significant slow-down in economic activity, particularly the new housing market
- Increased level of imported aluminium extrusion and increased local competition
- External IT threats such as cyber attacks
- Changes in construction methodology to meet more stringent sustainable building codes

## Outlook

Forecasts for the residential market show continued weakness in detached housing. Total residential starts in 2024 are forecast to be slightly down on 2023, and the pipeline of work that had sustained volumes has fallen away. The non-residential market is forecast to be reasonably firm in 2024 as are our key industrial markets.

LME is volatile and subject to international influences. Based on external forecasts, we had expected LME to moderate slightly throughout the year on the back of lower global demand. However, recently announced sanctions and tariff increases by the UK and USA, impacting Russian and Chinese metals, has resulted in a spike in the LME price. However, we do not expect this to have a material impact on Capral's profitability this year.

The overall market for Capral's aluminium products is forecast to fall modestly in 2024. Underlying EBITDA<sup>1</sup> is forecast, absent any unforeseen events, to be between \$50 million and \$54 million with underlying Net Profit After Tax<sup>1</sup> between \$23 million and \$27 million. On that basis, Capral would be in a position to continue to return capital to shareholders by way of unfranked dividends and/or share buy-backs.

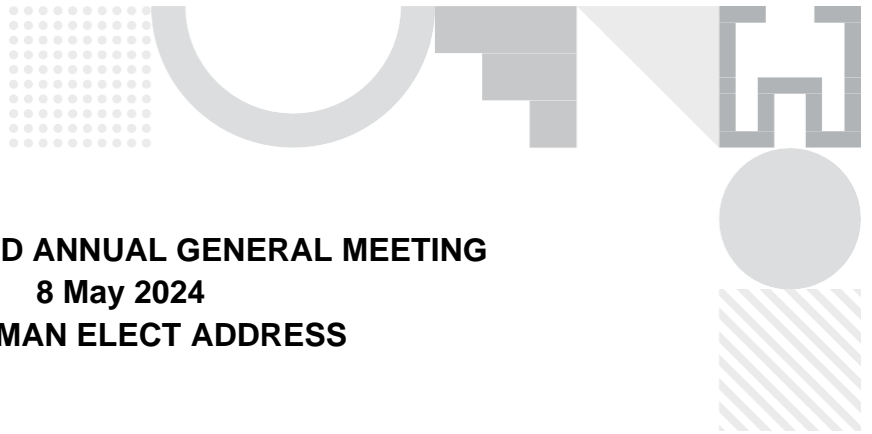
The focus in the year ahead will be to deliver benefits from our recent capital investments in NSW, increase productivity in our extrusion operations, and grow our distribution business through acquisition and organic growth. We plan to enhance our range, service, and capability to grow our customer base and deliver strong ongoing profitability.

I wish to thank the Capral team for their contribution to the outstanding 2023 result. Capral remains in a strong position to capitalise on its extensive capabilities, take opportunities as they present, and develop the business for the future.

In closing, I would like to take the opportunity to recognise the significant contribution that our retiring chairman, Rex Wood-Ward, has made to the business and to thank him for his unwavering confidence and support.

**Tony Dragicevich**  
Managing Director  
8<sup>th</sup> May 2024





**CAPRAL LIMITED ANNUAL GENERAL MEETING**

**8 May 2024**

**CHAIRMAN ELECT ADDRESS**

Good morning shareholders.

Thank you for giving me the opportunity to say a few words prior to my re-election as a non-executive director.

As you're aware from the April ASX announcement I have also been appointed Chair of the Capral board, subject to my re-election.

I am honoured to be appointed Chair and to seek re-election from you today as a non-executive director of Capral.

Since joining the Capral board in September 2021 I have been an active member of the board and have been able to utilise the more than 25 years' experience I have gained at Boral and CSR across the building products sectors and the global aluminium market.

This experience has helped support and guide Capral's strategic direction and governance structures. In addition, I have also served on Capral's Audit & Risk and Remuneration & Nomination Committees.

As a director, I have developed a strong working relationship with my fellow directors, Tony and his executive team.

Capral has a significant history and following the business being restructured in recent years, Capral is now delivering consistent returns. The company is also well positioned to manage the forecast slow-down in construction activity and is looking to grow by leveraging off the substantial improvements the team has made in recent years.

It is a privilege to serve on the Capral board and I am looking forward to working with my fellow directors and the Capral team to continue improving the business and deliver value for all shareholders.

I would also like to take this opportunity to thank Rex for the significant contribution he has made to Capral over the last 15 years and the time he has taken to support me in the hand-over to Chair. I wish him the very best in his retirement.

Thank you for your trust and support. I am excited about the future of Capral and the opportunities that lie ahead.

Happy to take any questions.

Mark White  
Chairman Elect  
8 May 2024



## CAPRAL LIMITED

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## 2024 Annual General Meeting (5/8/2024)

## Vote Totals - Based on the first resolution

Securities On Issue	17,561,806
Valid Securities Voted - (For, Against, Open Usable, Open Conditional)	8,585,444
Valid Securities Voted (%)	48.89
Total Securityholders Cast	135

## Vote Details

Resolution	Vote type	Voted	%	% of all securities
1, RE-ELECT MARK WHITE	For	7,913,780	92.17	45.06
	Against	3,430	0.04	0.02
	Open-Usable	668,234	7.79	3.81
	Board	661,732	7.71	3.77
	Non-Board	6,502	0.08	0.04
	Open-Cond	0	0.00	0.00
	Open Unusable	0	N/A	0.00
	Abstain	11,849	N/A	0.07
	Excluded	0	N/A	0.00
2, ADOPT REMUNERATION REPORT	For	7,783,450	98.72	44.32
	Against	50,766	0.64	0.29
	Open-Usable	50,477	0.64	0.29
	Board	43,975	0.56	0.25
	Non-Board	6,502	0.08	0.04
	Open-Cond	0	0.00	0.00
	Open Unusable	0	N/A	0.00
	Abstain	5,003	N/A	0.03
	Excluded	707,597	N/A	4.03
3, RIGHTS TO A. DRAGICEVICH	For	7,811,864	98.25	44.48
	Against	86,229	1.08	0.49
	Open-Usable	53,443	0.67	0.30
	Board	46,941	0.59	0.27
	Non-Board	6,502	0.08	0.04
	Open-Cond	0	0.00	0.00
	Open Unusable	0	N/A	0.00
	Abstain	27,500	N/A	0.16
	Excluded	618,257	N/A	3.52
4, CHANGE OF AUDITOR	For	7,863,106	92.07	44.77
	Against	8,854	0.10	0.05
	Open-Usable	668,734	7.83	3.81
	Board	662,232	7.75	3.77
	Non-Board	6,502	0.08	0.04
	Open-Cond	0	0.00	0.00
	Open Unusable	0	N/A	0.00
	Abstain	56,599	N/A	0.32
	Excluded	0	N/A	0.00

## Source of Vote

	Keyed	Scanned	Intermediary Online	Proximity	InvestorVote Desktop	InvestorVote Mobile	Other
Votes	217,634	83,435	0	7,052,069	1,028,964	215,191	0
Securityholders	16	19	0	3	75	22	0

Please note: Voting forms have been recorded and audited. The figures above can now be regarded as final.

**CAPRAL LIMITED**

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ABN: 78004213692

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**FOR**

A direction to the proxyholder to vote 'For' the resolution.

**AGAINST**

A direction to the proxyholder to vote 'Against' the resolution.

**OPEN – USABLE**

Undirected votes given to a proxyholder to vote as the proxyholder thinks fit.

**OPEN – CONDITIONAL**

The Open-Conditional votes may eventuate from one of the following situations:

**Situation 1** - Open votes given by a securityholder, to a person who is subject to the Voting Exclusion Statement under ASX Listing Rule 14.11 or an Associate of that person, as their proxy; or

**Situation 2** - Open votes given by a securityholder, who is subject to the Voting Exclusion Statement under ASX Listing Rule 14.11 or an Associate of that person, to a proxy who is not subject to the voting exclusion.

The "Condition" recognises that the company will disregard any votes cast in favour by the appointed proxy.

**OPEN – UNUSABLE**

No votes will be classified to this category as the voting intention is now obsolete.

**ABSTAIN**

A direction to the proxyholder to abstain from voting on the resolution. These votes will not be counted in computing the required majority on a poll.

**EXCLUDED**

Votes of a securityholder who has appointed a proxy and the securityholder and proxyholder are prohibited from voting on a resolution due to a Voting Exclusion.