

27 April 2022

**ANNUAL GENERAL MEETING
CHAIRMAN AND MANAGING DIRECTOR ADDRESSES**

Attached please find the Chairman and Managing Director's addresses as it will be delivered at today's 2022 Annual General Meeting (AGM) starting at 10am.

To attend and participate in the meeting virtually, which is broadcast as a live webinar, go to <https://meetnow.global/MYAQDL9>. 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:

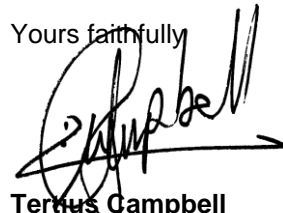
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Yours faithfully



Tertius Campbell
Chief Financial Officer and Company Secretary

FORWARD-LOOKING STATEMENTS

This announcement may contain forward looking statements which may be identified by words such as "believes", "considers", "could", "estimates", "expects", "intends", "may", and other similar words that involve risks and uncertainties. Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Capral or its Directors and management, and could cause Capral's actual results and circumstances to differ materially from the results and circumstances expressed or anticipated in these statements. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

**CAPRAL LIMITED ANNUAL GENERAL MEETING
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CHAIRMAN'S AGM ADDRESS**

Increased demand as a result of the strong shift to local supply and disruptions to import supply chains seen at the end of 2020 gathered momentum throughout 2021. Combined with Government assistance targeted to the residential housing market through HomeBuilder and other incentives, this demand resulted in a 25% growth in volumes in 2021.

Capral's challenges which accompanied the increased demand included; gearing up production capability through recruitment, adding operating shifts, and resolving supply chain and logistical disruptions. Management and the entire Capral workforce met these challenges with positive responses and took advantage of the opportunities to produce an outstanding result.

Revenues of \$593 million were 37% higher than the \$432 million reported in 2020. The increase in aluminium supply costs rose throughout the year as the LME Aluminium price hit its highest levels in 13 years. Higher productivity and operational leverage in all parts of the business helped deliver a Trading EBITDA¹ of \$38.2 million, 94% higher than last year's \$19.7 million

Ongoing operating improvements at the Bremer Park plant, and the strong profitable contribution from all of the company's extrusion plants including the newly acquired Smithfield plant, contributed materially to the profit performance in the year. Capral's profit also benefited from increased volumes and higher prices (partly offset by higher raw material costs and operating costs). These positive factors have continued into the first quarter of the current year.

Reported Net Profit After Tax (NPAT) included \$9.4 million arising from recognition of deferred tax brought to account (2020: \$3.0 million). NPAT was \$42.7 million (\$1.80 per share normalised)² compared to last year's \$25.9 million (\$0.72 per share normalised)².

Despite higher receivables and inventory resulting from the increase in revenues and the impact of higher LME prices, strong cash flows were another feature of Capral's performance. The Company ended the year at 31 December 2021 with net cash of \$50 million, after funding increased working capital of \$13.7 million, investing \$9.5 million in fixed assets, \$10.3 million for the Smithfield plant acquisition, and returning \$10.9 million to shareholders by way of dividends. Our sustainable strong cash flow enables us to continue to balance our utilisation of free cash between funding internal growth, investing in additional capacity and returning cash to our shareholders through fully franked dividends.

Our performance over the past two years demonstrates that our strategies, in particular the reconstruction of Bremer Park in 2019, are delivering value. Capral is now much better placed to succeed through the various phases of the business cycle. Accordingly, Capral paid its first interim dividend of 20 cents per share and declared an increased final dividend of 50 cents per ordinary share, both fully franked, totalling 70 cents for the 2021 year.

Whilst all our facilities experienced substantial increases in activity levels, our safety performance for the year delivered excellent results which is especially pleasing. Our recorded 7.2 lost time injuries per 1 million hours worked in 2021 is below peer comparatives.

It is most encouraging to see that the increased level of demand enjoyed in 2021 has carried into 2022, and there are positive signs that we are retaining a significant amount of the market share gains secured over the past two years. Thanks to the dedication and excellent performance of our employees across Australia, we are now stronger than ever and well positioned to continue to deliver sustainable earnings for our shareholders.

Capral continued its commitment to board renewal with the appointment of two Independent Non-Executive Directors, Mark White in September 2021 and Bryan Tisher in February 2022, who are up for election today. We welcome both Mark and Bryan to Capral and their combined extensive business experience will make a significant contribution to the Board.

After 13 years of executive and non-executive service and a significant contribution to Capral's turnaround success, Phil Jobe will be leaving the Board at the conclusion of the AGM today. We thank Phil for his dedication and support during his tenure. His contributions and insights have been invaluable.

On behalf of the board I wish to thank all of Capral's stakeholders for their tremendous support during 2021. We look forward to delivering strong results in 2022. Finally, thank-you to all of my Capral colleagues for their tireless efforts throughout a record-breaking year.

Rex Wood-Ward
Chairman

1 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 one-off 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

2 Normalised Earnings Per Share is Basic Earnings Per Share adjusted for Income Tax Benefit (\$9.4 million) and LME Revaluation Gain (\$2.8 million) on the same basis as Note 1 above

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MANAGING DIRECTOR'S ADDRESS

Financial Review

Market conditions rebounded in the second half of 2020 and strong conditions continued throughout 2021. In addition, disruption to import supply chains lead to increased demand for local extrusion. In response, Capral increased its workforce and operated its manufacturing plants at full available capacity. This lead to higher operating leverage which helped drive earnings to record levels.

The residential market remained buoyant on the back of government housing stimulus programs with housing starts up 21% on the prior year. Commercial construction was adversely impacted by COVID restrictions. However, the key industrial markets (manufacturing, transport and marine) remained strong, underpinned by high levels of economic activity.

Local extrusion demand benefited by a shift to local manufacture, away from imports. This was driven by; import shipping delays, high freight costs, and the enforcement of anti-dumping measures. There has also been a growing "Australia Made" sentiment.

The international LME price of aluminium rose rapidly from mid-2021. Capral's average aluminium cost for 2021 was 30% above the prior year. In March this year LME lifted to record highs, in part due to the Russian invasion of Ukraine. The high LME has flowed through to higher selling prices and working capital levels.

In 2019 Capral completed the significant restructure of its largest manufacturing plant at Bremer Park in Queensland. This successfully transformed Capral's business delivering permanent cost savings and increased operational efficiencies. The benefit was evident in 2021 with Bremer Park delivering a strong profit contribution to the group. We expect that this will continue into the future making Capral's profitability less exposed to the building cycle than it previously was.

In February 2021 Capral completed the acquisition of the GJames extrusion plant in Smithfield, NSW. The plant was successfully integrated into Capral's operations and moved from a one shift operation to two shifts mid-year, making a modest positive profit contribution.

Capral delivered a record profit result in 2021 posting a Trading EBITDA of \$38.2 million up 94% on prior year, on 25% higher volumes. EBITDA was \$59.2 million. Net profit before tax at \$33.3 million was up 45% on prior year.

Capral ended 2021 with a net cash balance of \$50 million despite the Smithfield acquisition and working capital levels lifting due to the impact of higher LME.

Key Initiatives and Strategies

Key high-level strategies remain consistent;

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

A key focus this year will be increasing Smithfield to three shifts. This strategically important acquisition gives Capral an expanded presence in NSW, our largest market. Smithfield continues to supply GJames with certain extrusions and is also expanding its local customer base.

During the second half of this year Capral will be installing a paint line at its new distribution centre in Huntingwood, thereby providing local paint capability in NSW.

The other major capital project is the first stage of the Penrith plant upgrade with the rebuild of the extrusion press taking place over the 2022 Christmas period.

During the years ahead we will focus on growing Capral's aluminium sales and distribution business with the objective of increasing volume through our direct distribution channel.

Fair Trade

Capral continues to lead the local extrusion industry in the pursuit of fair trade, key points are.

- Measures on Chinese imports are in place until 2025
- Increased enforcement by Australian Border Force against anti-circumvention activities
- Measures are also in place against some other Asian suppliers

Market share gains have been made against imports over the last two years but they continue to represent a material proportion of the total Australian extrusion market. It is important that we remain vigilant on this front.

Safety

Safety is the first of Capral's key values. Our safety performance over the last two years has been excellent, recording a total reportable injury frequency rate of 7.2. This compares favourably with the peer average of 9.8 for listed building product manufacturers.

Sustainability

Capral advanced its commitment to its environmental obligations by forming a National Sustainability Committee in 2019 with employee representation across our operations. This has resulted in the development of our sustainability roadmap to reach a net zero target by 2050.

Outlook

External forecasts for the residential market remain at elevated levels. 2022 starts are expected to be around 209,000 down 7% on last year, but with significant work in the pipeline. The non-residential market is forecast to lift in 2022 after a COVID disrupted last two years. The industrial markets are expected to remain robust with customers continuing to support local supply.

LME is unpredictable and volatile being subject to a variety of international influences. Based on external forecasts, we expect LME to come off its peak during the first half but remain at historically elevated levels throughout 2022.

The overall market for Capral's products is forecast to remain strong this year and we expect to retain a good proportion of the market share gained from imports. The 2022 year has started strongly with first quarter results ahead of plan.

Trading EBITDA is forecast, absent any unforeseen events, to be towards the upper end of our previous guidance range of between \$34 million and \$38 million, and EBITDA between \$53 million and \$57 million. On that basis Capral intends to continue the payment of fully franked dividends.

I wish to thank the Capral team for their tremendous contribution to the outstanding 2021 result, achieved despite the many challenges of COVID restrictions. Capral is in a good position to capitalise on its strong foundation, maximise opportunities in the current market, and strengthen the business for the longer term.

Tony Dragicevich
Managing Director
27 April 2022

¹ Refer to Trading EBITDA and Normalised EPS explanation in footnote to Chairman's Address

² BIS Oxford Economics March 2022 forecast