Capral Limited
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11 April 2013

The Manager
Company Announcements Office
Australian Securities Exchange
L10, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Capral Limited (ASX Code: CAA): AGM Addresses

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 – 11 APRIL 2013
CHAIRMAN'S AND MANAGING DIRECTOR'S ADDRESSES

CHAIRMAN'S ADDRESS

The past year has not been without its challenges. In an extremely tough market environment, where the market declined significantly and new local press capacity came on stream, the Company recorded a loss after tax of $11.0 million for the year ended 31 December 2012 after restructuring costs of $1.3 million (2011: $8.0 million loss). Revenues of $304 million for 2012 declined almost 13% from the $349 million recorded in 2011, in line with the reduction in the Australian aluminium extrusions market as a result of lower construction activity in both the residential and commercial sectors.

Despite the disappointing financial results for 2012, Capral continued to make solid progress with productivity improvements and cost efficiencies which produced a positive operating EBITDA result and a $9.5 million operating cash flow, which increased net cash on hand by $5.1 million to $19.8 million at 31 December 2012.

On behalf of the Board, I'd like to congratulate the executive team on making Capral a safer place to work. By all measures since 2006, 2012 has seen our safety records reach new highs, and I trust that the momentum will continue into 2013. We all want to see every employee return home safely at the end of each day.

Further improvements in our quality and service levels have been achieved, as borne out by an excellent customer retention rate and customer feedback.

The strong Australian dollar and the unacceptably low measures imposed by Customs on dumped imports of aluminium extrusions from China have seen imports continue to hold a significant share of the market. While circumvention activities by some importers continue to be a problem, there are encouraging signs of positive action by the Government to find solutions to these problems and anti-dumping. Phil Jobe will be leading Capral's continuing efforts to find a level playing field as a consultant on anti-dumping.

Although construction industry analysts are forecasting a modest increase in housing starts in 2013, the Company does not expect any upturn until the second half of the year. Volumes in the first quarter of 2013 were disappointing and absent any improvement in the second quarter, the Company expects volumes to fall below H1 2012 levels during the first half of 2013. Continued focus on operating efficiency and cost reduction should partially offset pricing and cost pressures. Current expectations are for trading EBITDA during the first six months of 2013 to be a loss of between $2.5 million and $3.5 million, whilst for the full year it is expected to achieve a trading EBITDA profit of $2.0 million to $5.0 million, provided the anticipated upturn in housing starts eventuates during the second half of the year.

The general tightening of credit terms by billet suppliers will result in a substantial reduction in operating cash flow as a result of the increased working capital required, particularly in the first half of the year. However, the Company expects to remain in a net cash position both for the half year and at year end.

As previously announced, tomorrow will be Phil Jobe's last day as CEO and he will be handing over to Tony Dragicevich. Tony and Phil have worked closely over the past three months to ensure a smooth and seamless transition of the leadership role. On behalf of the Board I would like to acknowledge Phil's enormous contribution to Capral since 2009. We are indeed pleased that the Board and Company will continue to benefit from his experience and guidance as a non-executive director and consultant going forward. I would like to welcome Tony to the Board when he assumes the role of CEO and Managing Director on 15 April. I am sure that Tony's diverse experience as a business leader will add tremendous value to the Company in the years ahead.

I thank my co-directors for their support and valuable contributions during the year. I would also like to extend the Board's appreciation to the entire Capral team for their dedication and great efforts during 2012.

Rex Wood-Ward
Chairman

MANAGING DIRECTOR'S ADDRESS

Market conditions in 2012 remained difficult. Residential housing commencements declined a further 7% to 142,000 in 2012. Demand for aluminium extrusions in Australia has reduced by 30% from the cyclical peak several years ago.

Prices remain competitive and declined during the year in the Distribution channel. A strategic imperative for Capral is retaining our valued customer base.

The impact of the combination of the strength of the Australian dollar and falling residential construction activity were mitigated by operational cost savings of $8.1m in 2012. Manufacturing efficiencies increased again and reductions in freight and logistics expenses were realised.

The EBITDA breakeven tonnage of the business has improved by 40% since 2008. Non volume related costs of $40m per annum have been eliminated since the Global Financial Crisis in 2008.

Close attention is paid to working capital levels and $6.7m, derived mainly from reductions in inventory levels, contributed to the operating cash flow of $9.5m from these initiatives. Capex was held tight at $4.5m representing 38% of depreciation.

A number of innovative new products were brought to market as part of our Growth strategy and geographic and channel to market initiatives were pursued in an effort to grow the revenue line. Capral is well placed with existing capacity to leverage the anticipated residential market upturn.

I endorse the Chairman’s comments on the safety achievements within Capral. The improved outcomes are due to focus and attention by all employees across the business.

Capral has been at the forefront of a campaign to reform the Australian Anti Dumping Regime. There was an encouraging level of reform announced by the Federal Government in recent months. Five tranches of legislation have now passed through Parliament. Following a detailed review by John Brumby, the House of Representatives passed legislation in February 2013 to set up a new Anti Dumping Commission in July 2013 based in Melbourne. Additionally, anti circumvention breaches are being actively pursued. But Capral continues to press for necessary further reform and the Federal Government has indicated that additional legislative measures will be put before the Parliament in the May 2013 sitting.

Turning to the outlook, trading conditions remained particularly challenging in the first quarter of 2013, with volumes down on the same quarter last year. The improvements in lead indicators for the housing market, such as building approvals, lower interest rates, increasing home prices, and improving sentiment as evidenced by the “time to buy a dwelling index” have not as yet translated into increasing volumes in the order book, and are now not expected to do so in the June 2013 quarter.

Volumes are forecast to lift in the second half of the 2013 calendar year as the housing cycle turns leading to improved second half financial results as outlined by the Chairman.

In times of adverse headwinds for Australian Manufacturing, I am pleased that considerable operational improvements have been achieved contributing to positive operating cash flows of $38.1m over the last three years. The balance sheet has been significantly strengthened, and Capral has played a leading role in advocating for a fairer Anti Dumping regime in Australia.

In concluding my remarks, I take this opportunity to thank the staff and management at Capral for their support during my four year tenure as CEO of Capral. They have proved themselves committed and resilient. It has been my pleasure to work with a cohesive, quality Board.

I welcome Tony Dragicevich, as my successor, and look forward to continuing as a non executive Director and pursing the Anti Dumping advocacy.

Thank you

Phil Jobe
Managing Director