

11 December 2018

Ms Leisa Baynham  
Assistant Director  
Investigations 4  
Anti-Dumping Commission  
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## Public File

Dear Ms Baynham

### **Investigation No. 482 – Aluminium extrusions exported from P R China – Capral Trading Announcement**

On 27 November 2018 Capral Limited (“Capral”) made an announcement to the Australian Stock Exchange (“ASX”) concerning its Half Year 2018 results. A copy of Capral’s ASX announcement is attached at Non-Confidential Attachment A.

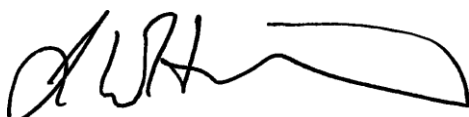
The announcement refers to the recent ‘spike’ in low-priced imports (i.e. aluminium extrusions) and ‘sustained high levels of aluminium costs’. Capral has provided information to the Anti-Dumping Commission that LME aluminium costs have increased by approximately 30 per cent since the end of the investigation period in Review Investigation No. 392. Capral has been unable to recover the cost increases in its selling prices as Chinese import prices have not risen in line with higher LME aluminium costs.

The announcement further references Capral’s efforts to address dumping on the Australian market. Capral notes that Chinese exports of aluminium extrusions in 2018 are at the highest levels since anti-dumping measures were first imposed in 2010. The level of Chinese exports is comparable in 2018 to the levels in 2009 that were the basis for the then anti-dumping action by Capral.

It is critical that revised anti-dumping measures reflect the recent levels of LME pricing. The measures that currently apply are based on lower costs preceding recent LME increases and, hence, are ineffective in addressing injury for aluminium extrusions produced with a raw material input cost that is currently at significantly higher levels.

Capral can provide the Commission with supporting information on LME pricing and value-add costs of production to assist in the current review investigation. If you require any further information or have any questions concerning this submission, please do not hesitate to contact me on (02) 8222 0113 or Capral’s representative Mr John O’Connor on (07) 3342 1921.

Yours sincerely





Luke Hawkins  
General Manager – Supply and Industrial Solutions

27 November 2018

### Trading Update

In the Half Year 2018 results release to the market on 17 August 2018, Capral advised that, absent any unforeseen events, Statutory and Trading EBITDA\* for 2018 was expected to be broadly in line with 2017.

In recent months, volumes and margins have been adversely impacted by a spike in low-priced imports due to sustained high levels of aluminium input costs (LME), and a slowing housing market. As a result, the 2018 full year earnings result is now expected to be lower than 2017. Capral anticipates that the expected Statutory and Trading EBITDA\* range for 2018 will now be between \$13 million and \$14 million.

Capral still expects to generate positive operating cash flow in 2018 and will be net cash positive as at 31 December 2018. On this basis, Capral anticipates being able to pay a fully franked final dividend.

Capral continues its efforts to prevent the dumping of extruded aluminium by overseas manufacturers. The significant increase in LME since the Anti-Dumping Commission's review of the measures imposed on certain Chinese imports in October 2015 has reduced the effectiveness of the measures. Capral applied for a review of these measures which commenced in July 2018 and a decision is expected in the first quarter of 2019. If the measures are increased this should assist margins and volumes in 2019. The Anti-Dumping Commission has also found evidence of transshipment of Chinese imports supplying multiple Australian customers. It is important that meaningful sanctions are imposed against suppliers breaking Australian laws.

The full year earnings for financial year 2018 is due for release on 22 February 2019.

Yours faithfully



**Tony Dragicevich**  
Managing Director

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\* 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