

22 October 2026

Director
Investigations 1
Australian Trade Remedies Commission
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Canberra ACT 2601

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Dear Director,

Public File

Revocation Review No. 667 – Aluminium Extrusions exported from Malaysia

I. Introduction

In relation to the above inquiry (**REV 667**), Capral Limited (**Capral**) makes the following submission to propose a methodology for determining the Australian industry's unsuppressed selling price (**USP**) for the April 2025 – March 2026 inquiry period. Capral's position is that actual selling prices cannot be used as the USP. This submission addresses the amount for profit to be included in a constructed USP.

II. USP framework

The Anti-Dumping Commission's (**the Commission**) Anti-Dumping and Subsidy Manual (**the Manual**) stipulates that the USP is the price the Australian industry could reasonably expect to achieve in a market unaffected by dumping. Where, as is the case here, the industry's own prices over the relevant period have been affected by dumping, the Commission constructs the USP from the industry's cost to make and sell (**CTMS**) plus an amount for profit.

III. Profit must reflect unsuppressed conditions

The profit added to the CTMS is the profit the Australian industry could reasonably expect to earn in the absence of dumping. This is an assessment of the price, and therefore the return, achievable absent dumped imports.

Capral submits that the profit component cannot be its own actual and budgeted EBIT of [XX] percent,¹ as these figures are formed within a market materially suppressed by dumped extrusions from multiple origins over an extended period. To adopt the industry's suppressed budget and/or forecast as the 'unsuppressed' profit would embed within the USP the very price suppression the measures exist to remove.

In earlier continuation inquiries concerning extrusions from China (CON 657)² and Malaysia (CON 682/683),³ Capral advanced no specific profit proposal, and the profit applied appears to have been derived from Capral's budgeted EBIT, which was not itself disclosed on the public record. The Commission is not bound by that

¹ Confidential Attachment 1. *[confidential text deleted – summary of information in confidential attachment]*.

² Continuation of anti-dumping measures – aluminium extrusions exported from the People's Republic of China (CON 657; inquiry period of Oct 2023 – Sept 2024). The Commission constructed the USP from the cost to make and sell of the Australian industry (Capral and G. James) plus an amount for profit applied across the relevant market sectors and customer types. The profit rate was not disclosed on the public record.

³ Continuation of anti-dumping measures – aluminium extrusions (mill-finish and surface-finished) exported from Malaysia (CON 682 and CON 683; inquiry period of Apr 2024 – Mar 2025). The Commission constructed the USP from Capral's cost to make and sell plus a target profit carried over from CON 657 (see above). As in CON 657, the profit rate was not disclosed on the public record.

approach and, on a proper application of the 'unsuppressed' standard, should not utilise the same methodology again.

IV. Profit to be assessed on a conversion (value-add) basis

A substantial proportion of an extruder's revenue and CTMS comprises the pass-through cost of primary aluminium, priced by reference to the London Metal Exchange plus regional premiums. The extrusion industry earns little on the metal itself. Instead, a return is derived on converting raw materials into finished extrusions and selling them. For Capral, primary aluminium accounted for approximately [XX] percent of the CTM of mill-finish extrusions over the inquiry period, and approximately [XX] percent of the CTMS.⁴

The Manual recognises this distinction, separating the cost of purchase of raw materials from the costs of conversion.⁵ The pass-through metal is the raw-aluminium input within the CTMS, with the balance (conversion labour and overhead, and SG&A) as the value that the Australian industry adds. Because the metal cost inflates both the revenue and the cost base, a profit applied as a flat percentage of the metal-inclusive CTMS understates the return on that value-adding activity, and is not comparable between producers whose products carry differing metal content.

Capral therefore submits that the amount for profit is most appropriately determined as a normal return on the industry's verified CTMS net of the pass-through cost of metal (i.e. on the value-adding cost base). This mitigates the distorting effect of the metal pass-through and results in a like-for-like measure of the profit a competitive extruder would earn in an undumped market.

V. Benchmarks for an unsuppressed return

The *Customs Act 1901* treats the level of return on investment and the ability to raise capital as matters relevant to the financial health of an industry.⁶ The USP profit must therefore enable the industry to sustain investment and attract capital, not only to remain solvent.

Independent sector data confirms:

- for building-materials manufacturers, pre-tax operating margins of approximately 12.6 percent and EBITDA-to-sales ratios of approximately 17.3 percent⁷; and
- for construction-supplies manufacturers, operating margins of approximately 15.2 percent.⁸

On international benchmarks, Capral's sub-normal returns are reinforced by international practice. In the European Union, the profit used to construct the industry's non-injurious price is fixed by statute at not less than 6 percent, and must take into account the profitability needed to fund necessary investment, including research and development, with a higher figure available where the facts warrant.⁹ Capral's actual and budgeted EBIT margins sit [**confidential text deleted: levels**].

On Australian precedent for an externally applied benchmark, the Commission has previously received, in a metal-processing industry, a USP proposal constructed on an external profitability benchmark rather than the applicant's own budget. In investigation no. 418 on steel reinforcing bar, the Australian industry proposed a

⁴ Confidential Appendix A6.1.

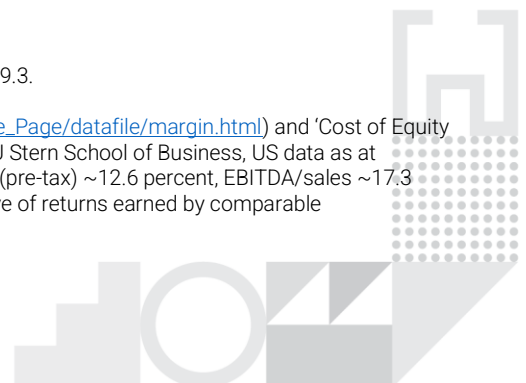
⁵ Dumping and Subsidy Manual, chapter 9 'Normal Value Based on Constructed Method'. Section 9.3.

⁶ Customs Act 1901 (Cth), s 269TAE(3).

⁷ A Damodaran, 'Operating and Net Margins' (https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/margin.html) and 'Cost of Equity and Capital' (https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/wacc.html), NYU Stern School of Business, US data as at January 2026 (accessed September 2026): building-materials manufacturers — operating margin (pre-tax) ~12.6 percent, EBITDA/sales ~17.3 percent; construction-supplies manufacturers, operating margins ~15.2 percent. Cited as indicative of returns earned by comparable manufacturers in markets not materially affected by dumping.

⁸ Ibid.

⁹ Regulation (EU) 2018/825 amending Regulation (EU) 2016/1036.



constructed USP of verified CTMS plus profit expressed at an EBITDA rate of 17 percent, drawn from an OECD study on the returns required for a financially sound industry.¹⁰ REV 667 requires the same approach: an externally-benchmarked profit, expressed on a conversion basis, in an industry with significant raw material metal content.

On Capral's [**confidential text deleted: business unit details**] is materially less exposed to dumped extrusions. This business is estimated to have returned an EBIT-type margin in the order of [XX] percent for the twelve months ended 31 March 2026.¹¹ The goods sold through those operations, while including some extrusions at the retail trade level, are not in all respects alike to extrusions. Capral therefore does not advance this figure as a direct measure of the extrusion profit. Rather, it corroborates the above.

In the parts of Capral's business shielded from dumped competition, Capral earns returns consistent with the external benchmarks above and well in excess of its suppressed like-goods budgets and forecasts. That extrusions are sold through the same channel reinforces the reality that the gap in return reflects exposure to dumping, and not any difference in Capral's underlying commercial capability.

VI. Market valuations

Capral's public-market valuation corroborates that the market does not presently expect the Australian extrusion industry to earn a sustainable return. Capral trades on a trailing price-earnings multiple of approximately [XX] and an enterprise-value-to-EBITDA multiple of approximately [XX], well below comparable building-products manufacturers, and below independent analyst assessments of fair value.¹²

While a valuation multiple does not itself set the profit amount, nor does Capral imply that the multiple reflected in the market reflects the aluminium extrusion arms of its business, it is consistent with the suppression and injury Capral has identified.

VII. Capral's proposal

Capral submits that the Commission should adopt, as the amount for profit in the constructed USP:

- as the primary basis, a normal return on Capral's verified CTMS net of the pass-through cost of metal, benchmarked to comparable-manufacturer returns and the Australian precedent established above, triangulated with Capral's own less-exposed operations; and
- in any event, a profit no lower than the internationally-recognised 6 percent minimum.

Both of these materially [**confidential text deleted: Capral like goods position**] of which have been materially affected by the presence of dumped imports.

¹⁰ Anti-Dumping Commission, Investigation 418 — steel reinforcing bar exported from Greece, the Republic of Indonesia, Spain (Nervacero SA), Taiwan (Power Steel Co Ltd) and the Kingdom of Thailand (initiated by ADN No. 2017/92, 27 June 2017; Final Report 418). Australian industry (Liberty OneSteel) unsuppressed selling price submission, public record No. 025a, 26 July 2017 (https://www.industry.gov.au/sites/default/files/adc/public-record/025a_-_liberty_onesteel_-_attachment_1_unsupressed_selling_price.pdf), proposing a constructed USP of verified CTMS plus an amount for profit 'found to be at an EBITDA rate of 17%', by reference to an OECD study on the returns required for a financially sound steel industry. Cited for the basis — an externally-benchmarked, EBITDA-expressed profit in a metal-processing industry — rather than the specific rate.

¹¹ Confidential Attachment 2.

¹² Capral Limited (ASX: CAA), Full Year 2025 Results, 26 February 2026 (underlying EBIT ~A\$35.8m; NPAT ~A\$35.6m); see also the Chair's Address to the 2026 Annual General Meeting, 6 May 2026 (<https://announcements.asx.com.au/asxpdf/20260506/pdf/06z93qzl00t4l5.pdf>). Market data as at September 2026: price-to-book ~0.8 (Market Index, <https://www.marketindex.com.au/asx/caa/financials>); independent analyst fair value ~A\$24.72 against a market price of ~A\$11 (Simply Wall St, <https://www.simplywall.st/stocks/au/materials/asx-caa/capral-shares/valuation>). Cited 28 September 2026. [**confidential text deleted: calculation details**].

If you have any questions concerning this submission, please do not hesitate to contact Capral's representative Mr Chad Uphill on 0412 377 603.

For and on behalf of the Australian aluminium extrusion industry.

