

2 September 2013

Acquisition of the OneSteel Aluminium business and Placement

The Board of Capral Limited (**Capral**) is pleased to announce that it has entered into an agreement to acquire the OneSteel Aluminium (**OSA**) business from OneSteel Trading Pty Limited, a subsidiary of Arrium Limited (**OneSteel Trading**), for approximately \$19 million (**Acquisition**).

OSA is a well established specialist aluminium distribution business selling both extrusion and rolled products. Its key markets are transport, marine, machinery and sheet metal fabrication. OSA sells approximately 16,000 tonnes p.a. of aluminum, split evenly between extrusion and rolled products. Over half of the extrusion volume is currently purchased from Capral.

Capral is acquiring the inventory and fixed assets of the business and all current OSA employees will be offered employment with Capral. The Acquisition is expected to become unconditional and be completed by 30 September 2013.

The Acquisition price will be partly funded by a share placement of 78.5 million ordinary shares (**Shares**) to sophisticated and professional investors (including current Shareholders) at a price of \$0.18 per Share to raise \$14.1 million (**Placement**). The Placement will proceed in two tranches:

- the first tranche of 53.3 million Shares will raise \$9.6 million and no shareholder approval is required as the issue is within Capral's 15% capacity under ASX Listing Rule 7.1;
- the second tranche of 25.2 million Shares will raise \$4.5 million (**Tranche 2**) subject to shareholder approval at a general meeting. It is expected that the Notice of Meeting documents will be mailed to shareholders by around 20 September 2013 and that the general meeting will be held in mid to late October 2013.

Capral has received commitments for the full amount of the Placement subject to, in the case of Tranche 2, shareholder approval at a general meeting. The balance of the Acquisition price will be funded from Capral's current debt finance facility. Bell Potter Securities acted as Sole Lead Manager and Bookrunner to the Placement.

Based on Capral's assessment of the OSA business, it produced a normalised EBITDA of \$2.5 million for the year ended 30 June 2013.

There are substantial synergies available as a result of the Acquisition with the respective businesses having complementary channels to market and areas of expertise. Capral expects to realise synergies of between \$2.5 million and \$5.0 million p.a. over the next three years as a result of this Acquisition.

The Acquisition is anticipated to contribute positively in Q4 2013 which will result in a small improvement to Capral's earnings for the year ended 31 December 2013, although earnings are still expected to be within previous guidance provided on 19 August 2013 assuming that the normal seasonal uplift occurs.

The Acquisition of the OSA business represents a strategically important initiative for Capral. It provides Capral the opportunity to secure current volumes to an important market segment and to become an expanded full offer Aluminium distribution business supported by world-class extrusion capability.

Yours faithfully



Tony Dragicevich
Managing Director

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