

Codan eyes new move into defence

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MAWSON Lakes technology company Codan is setting up a defence division to capitalise on the sector's growing potential in South Australia.

The listed company has a long history of supplying the defence sector, with its high-frequency radio systems and landmine detectors used by military organisations all over the world.

Codan chief executive Donald McGurk said the increasing presence of global Tier One providers in South Australia represented an opportunity for the company.

"We've moved into this new facility at Mawson Lakes and it prompted us to consider what our core capabilities were," Mr McGurk said.

"They are very closely aligned with some of the work that will be required on some of these defence projects which the government has announced just recently.

"So we're looking at things like, for example, our RF (radio frequency) capability, which is what goes into our HF (high frequency) radios.

“We’re really one big RF company when you think about what we do in metal detecting and across the range, so it’s early days, but what we’re saying to ourselves and ultimately what we’ll be saying to the market, is that we’ll be going out there and starting to engage with defence-type companies and see just where it leads us.”

Mr McGurk said there were no formal structures in place for the new division as yet, but the company was keen to further diversify its revenue streams.

“We’d see ourselves as a Tier Two supplier into (these companies), such as Lockheed, BAE Systems, Thales.

“We will look to engage with these guys on the back of their systems bids for some of these larger programs.

“We think there’s a part to play for Australian-based, high value-add manufacturers.

“At the moment a lot of these guys are forced to go overseas for some of the higher-tech solutions.”

Mr McGurk said the company was currently looking for about 30 engineers for its Canadian operation, and the company employed about 150 engineering-type employees across software, hardware and electronic design.

Codan said last month it expects a 57 per cent higher underlying net profit after tax of about \$20 million for this financial year.

Year-to-date profitability and orders in hand led the company to upgrade its previous underlying profit forecast by \$5 million, with the after-tax profit predicted to come in at \$15 million.

Codan shares closed at \$1.12 yesterday, down 3.5 per cent.