

Codan Limited

Investor Presentation - Half Year Results to 31 December 2004

28th February & 1st March 2005



Mike Heard
Managing Director

David Hughes
Chief Finance & Information Officer

Key Financial Information



Half Year ended 31 December

	2004	2003	Growth %
Total Revenue	61.6	63.0	-2.2%
EBITDA	15.0	15.8	-5.1%
% of Revenue	24.3%	25.1%	
Net profit before tax	10.9	11.3	-3.5%
Tax	(2.7)	(3.5)	
Net profit after tax	8.2	7.8	5.0%
% of Revenue	13.3%	12.4%	
Earnings per Share (cents)	5.06	4.82*	

(*Note: Based on closing number of shares)

Key Financial Information (continued)



Revenue	<u>Half Year ended 31 December</u>		
	2004	2003	Growth %
Communications Products	58.0	59.6	-2.7
Broadcast Products	1.5	1.3	+15.4
Printed Circuit Boards	2.1	2.1	
Total Revenue	61.6	63.0	-2.2

Note: Exchange rate impact on revenue negative \$4m

Key Financial Information (continued)



Statement of Financial Position (Balance Sheet)

	31 Dec 2004 \$m		31 Dec 2004 \$m
Current Assets		Current Liabilities	
Cash	5.3	Accounts Payable	15.3
Receivables	16.6	Other	3.0
Inventories	11.2	Borrowings	0.4
Other	4.8	Provisions	5.3
	<u>37.9</u>		<u>24.0</u>
Non-Current Assets		Non-Current Liabilities	
Investments	0.2	Borrowings	0.1
Property, Plant & Equipment	19.4	Provisions	6.8
Product Development	16.1		<u>6.9</u>
Goodwill	18.6		
Other	3.4	Total Liabilities	30.9
	<u>57.7</u>		
Total Assets	95.6	Net Assets	64.7
			<u>64.7</u>
		Shareholders Equity	
		Share Capital	23.0
		Reserves	0.1
		Retained Profits	41.6
			<u>64.7</u>
		Total Shareholders Equity	64.7
			<u>64.7</u>

Dividend



	Half Year Ended 31 Dec 2004	2003
Earnings per ordinary share (cents) (on issued capital at 31 December 2004 fully diluted)	5.06	4.82
Interim dividend (cents) per ordinary share (paid April, fully franked)	2.5	2.5
Franking	100%	100%
Record date	18 March 2005	
Payment date	1 April 2005	

Half-Year Results to 31 December 2004

Commentary

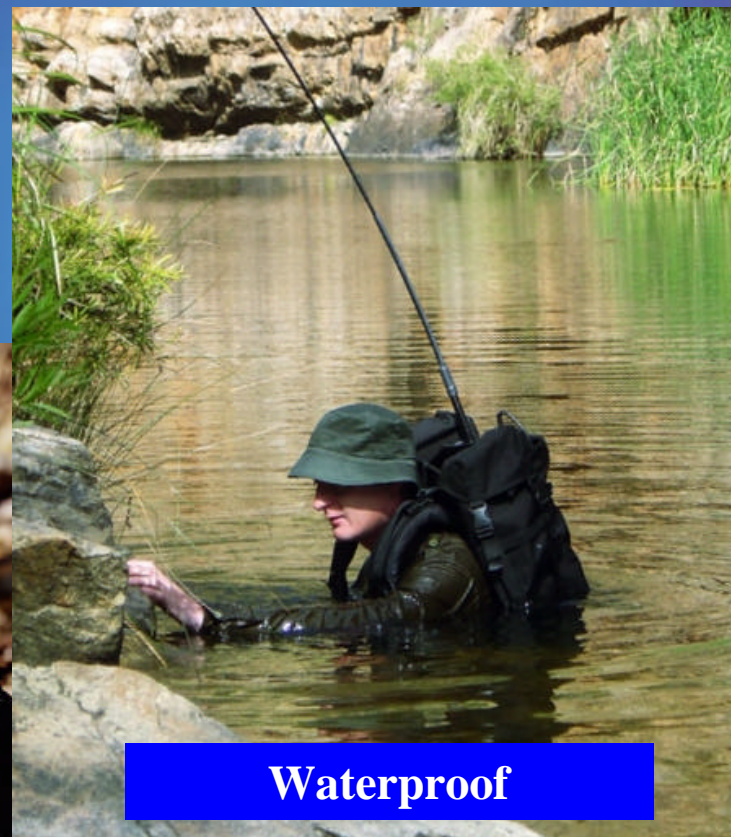


- Modest real growth in sales volume (approximately 4%) and NPAT (4.9%) after exceptional growth last year
- Real sales growth offset by significant impact of exchange rate on revenue (approx \$4m) and EBITDA (approx \$2m)
- EBITDA margins maintained against exchange rate pressure through product cost reductions and expense control
- Continuing environment of world insecurity influencing sales
- Strong cash position after major capital expenditure (approx \$6m); continued control of working capital
- Improved earnings per share and maintained fully franked dividend level
- Hedge profile extended to December 2005 at an average rate of US\$0.75
- Good progress with factory expansion and business systems upgrade
- Completion of development of two new products / product families; all to be released in the second half; outcome of targeted product development
- Asset and technology acquisitions to extend product range for digital microwave radio and TV broadcast products

Codan New Manpack HF Radio



Lightweight



Waterproof



Excellent Radio Performance

Codan New Release Satcom Product Family



Codan Ku-Band Transceiver



Codan Ku-Band BUC

The New Codan Digital Microwave Radio Product Family

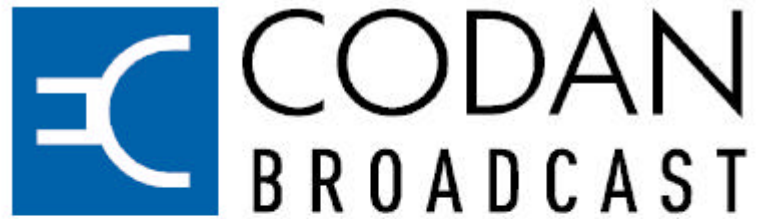


Codan 8800 – Indoor Unit



Codan 8800 - Outdoor Unit





your vision delivered



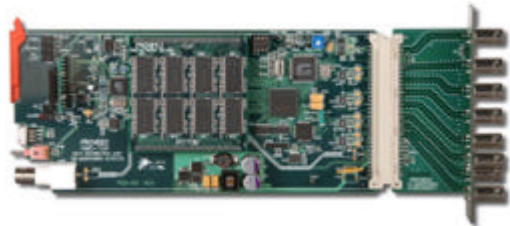
your vision delivered

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PROVIDEO modular interface products



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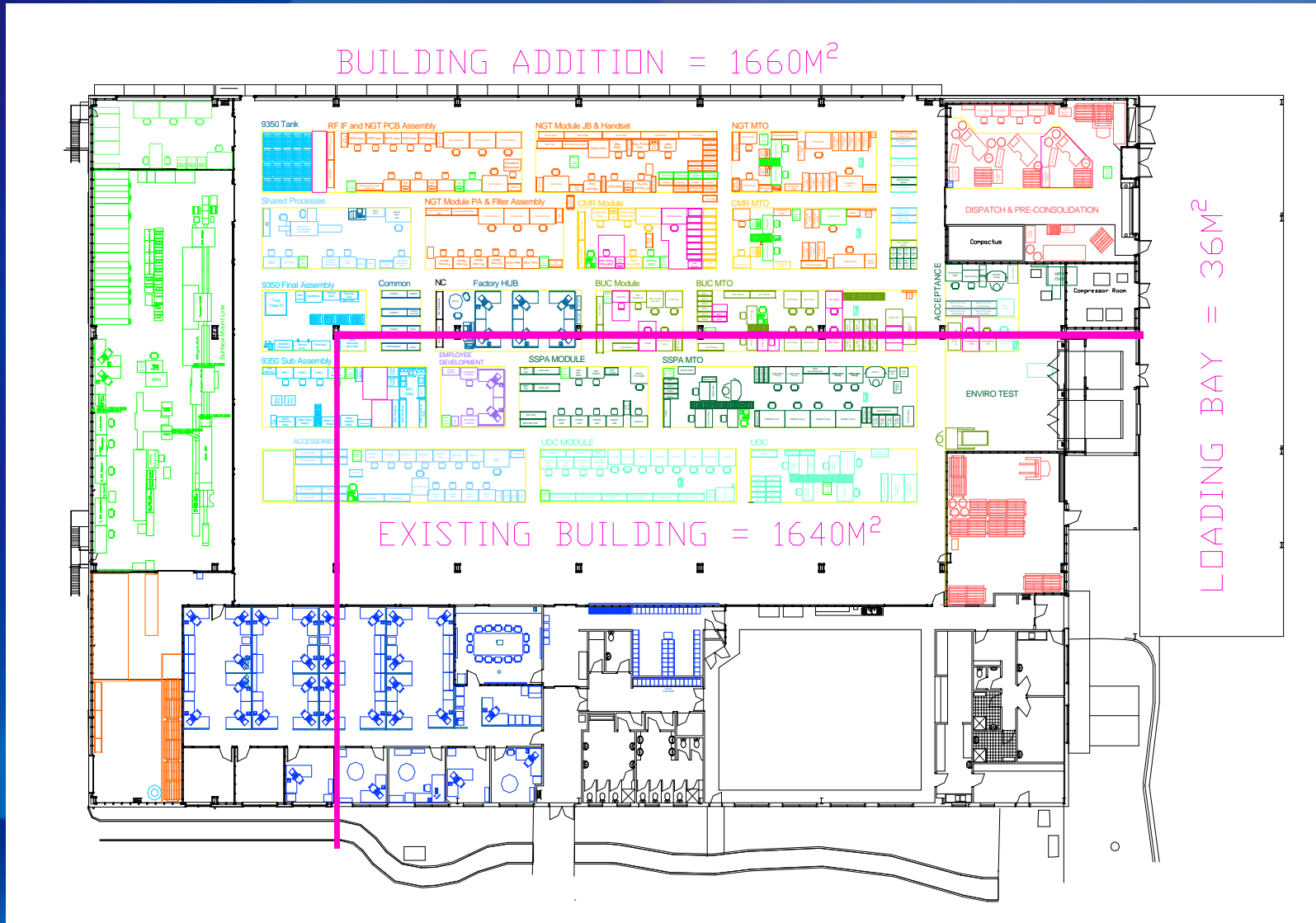
Codan Factory Expansion Project



Total Planned Budget = \$4.7M

Expenditure to date = \$1.8M

Codan Factory Expansion Project



Codan Factory Expansion Project



Codan Factory Expansion Project



Codan Factory Expansion Project



Opportunities for growth



Communications Products

- Little change in the market environment
- Major new product launches in all three product groups to stimulate growth
- Exceptional capability to deliver on short lead times
- Strengthened sales & marketing team

Opportunities for growth



Broadcast Products

- Acquisition of Talia product range
- Launch of Codan Broadcast
- Asian distribution network in place
- Export sales growing

Challenges

- Appreciation of the Australian Dollar reduces AUD revenue and profit
 - Hedge rate 62 US cents in FY05 vs 54 US cents in FY04
 - Additional hedging in place for first half FY06 at 75 US cents
- Capital products business – demand can fluctuate from year to year
- Strong business periods may be offset by weaker subsequent periods

Outlook



Second half performance will depend on the strength of orders, March to May, aided by new product launches.

Codan's objective is to maximise shareholder value by delivering 15% compound growth over the medium to long term.



Thank you for your support of Codan

Any Questions?