

BUSINESS UPDATE
6 December 2016

DONALD MCGURK

Managing Director & CEO

MICHAEL BARTON

Chief Financial Officer

SARAH EMMS

Manager, Investor Relations



Important Notice and Disclaimer

Disclaimer

This presentation has been prepared by Codan Limited (ABN 77 007 590 605) (Codan). The information contained in this presentation is for information purposes only and is not investment, financial product, legal or tax advice.

This presentation contains summary information about the current activities of Codan and its subsidiaries. The information in this presentation does not purport to be complete nor does it purport to contain all the information that a prospective investor may require in evaluating a possible investment in Codan. This presentation should be read in conjunction with Codan's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au.

Statements in this presentation are made only as of the date of this presentation unless otherwise stated and the information in this presentation remains subject to change without notice. Codan is not responsible for providing updated information to any prospective investors.

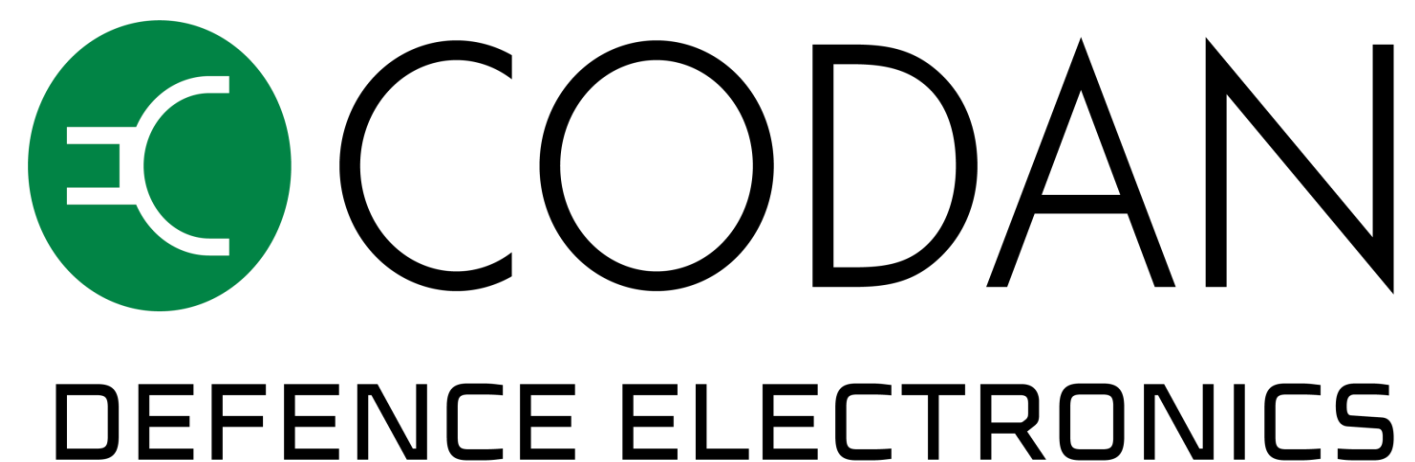
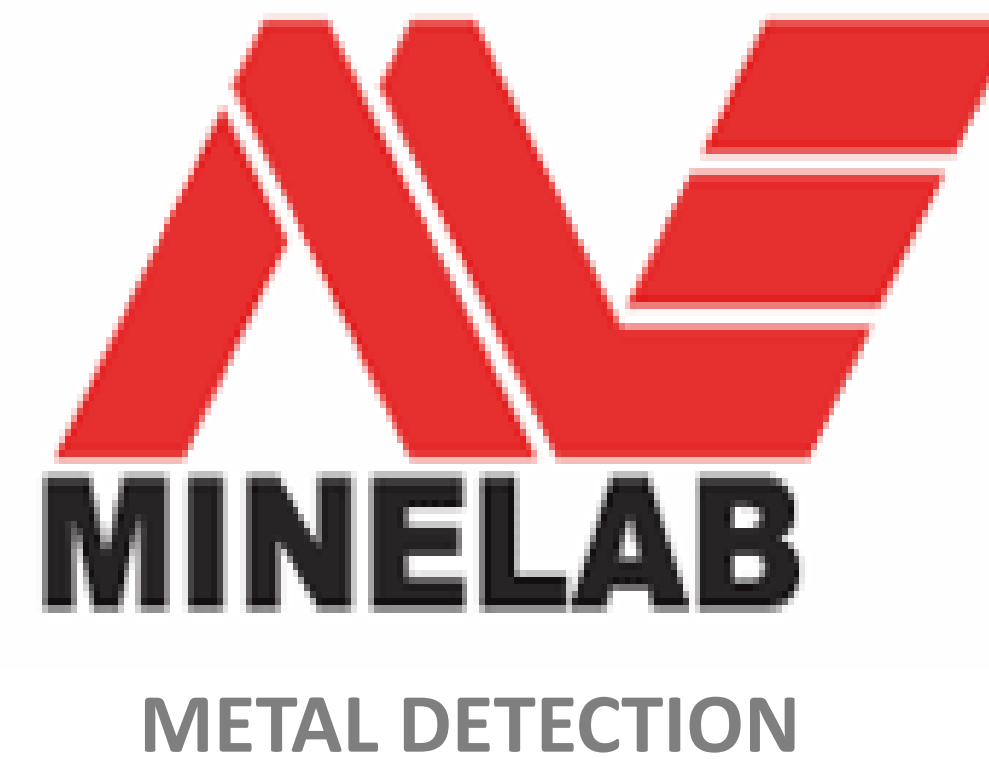
Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this presentation is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX.

This presentation may contain forward-looking statements with respect to the financial condition, results of operations, business of Codan and certain plans and objectives of the management of Codan. Actual outcomes may differ materially from forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are likely to involve uncertainties, assumptions, contingencies and other factors. As a result, unknown risks may arise, many of which are outside the control of Codan. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Codan disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

Should you have any specific queries in respect of this disclaimer please contact Codan directly.

CODAN LIMITED

An international company that develops rugged and reliable electronics solutions for government, corporate, NGO and consumer markets across the globe



DELIVERING SHAREHOLDER VALUE OVER THE LONG TERM

Shareholder value

We succeed by:

- Developing unique, high value technologies
- Delivering superior product performance in the harshest conditions
- Solving customers' productivity, safety and security problems
- Creating multiple revenue streams from globally diversified markets

Core values



Can-Do



High Performing



Customer Driven

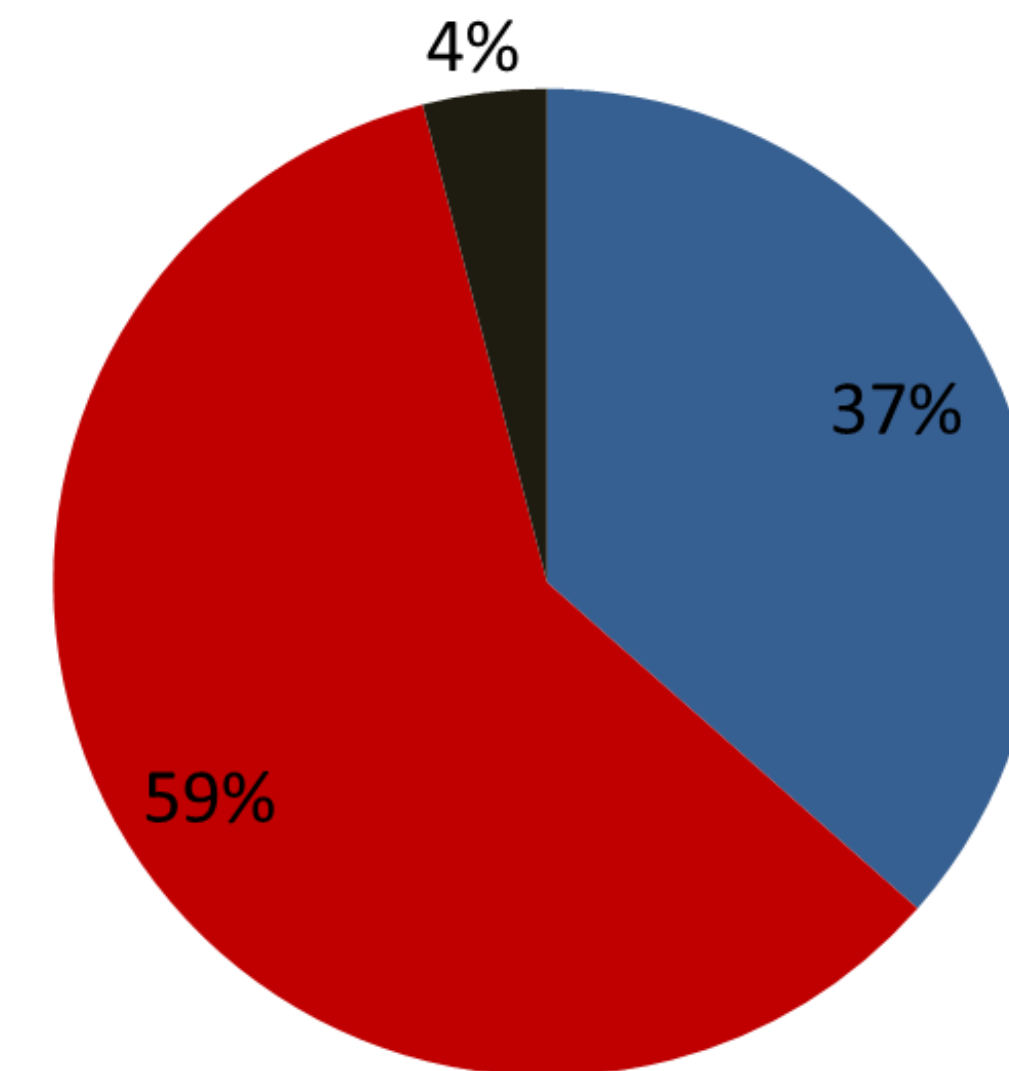


Openness & Integrity

STRONG START TO THE YEAR

- First half FY17 guidance – underlying NPAT \$20 million to \$22 million
- Continued strong demand for GPZ 7000[®] gold detector in Africa
- Large radio contract delivered in Q1
- Codan remains debt free

REVENUE BY BUSINESS UNIT*



■ Communications ■ Metal Detection ■ Tracking

* Four months to October 2016

METAL DETECTION

The world's best hand held metal detection technology



- Metal detection historical sales have been in the range of \$70 million to \$100 million
- Sustainable underlying revenue estimated at \$70 million
- Strong demand for gold detectors in Africa may push revenue to \$100 million and beyond
- High proportion of replacement sales as customers upgrade from GPX to GPZ 7000[®]
- African demand encouraging but difficult to forecast
- Consumer and Countermine businesses delivering good results
- Large coil released in November (Australia only) to excellent customer reaction



RADIO COMMUNICATIONS

Best in class, reliable, user friendly and cost-effective solutions



- Historical revenues in the range of \$60 million to \$70 million
- LMR Cascade development on track for FY18 release – growth over the medium term
- Continuing product line expansion across both HF and LMR to gain scale in larger global markets:
 - Sentry-H High Frequency (HF) Software Defined Radio (released September 2016)
 - Sentry-V military VHF handheld radio (released June 2016)



OTHER BUSINESS UNITS

Potential for growth over the longer term


TRACKING SOLUTIONS

MINETEC™

Highly accurate underground tracking for efficient and safe mine management

- Continuing to gain customer acceptance with repeat orders and successful installations
- Adding to software engineering and sales teams as funds allow
- Expected to deliver a small profit in FY17

DEFENCE ELECTRONICS

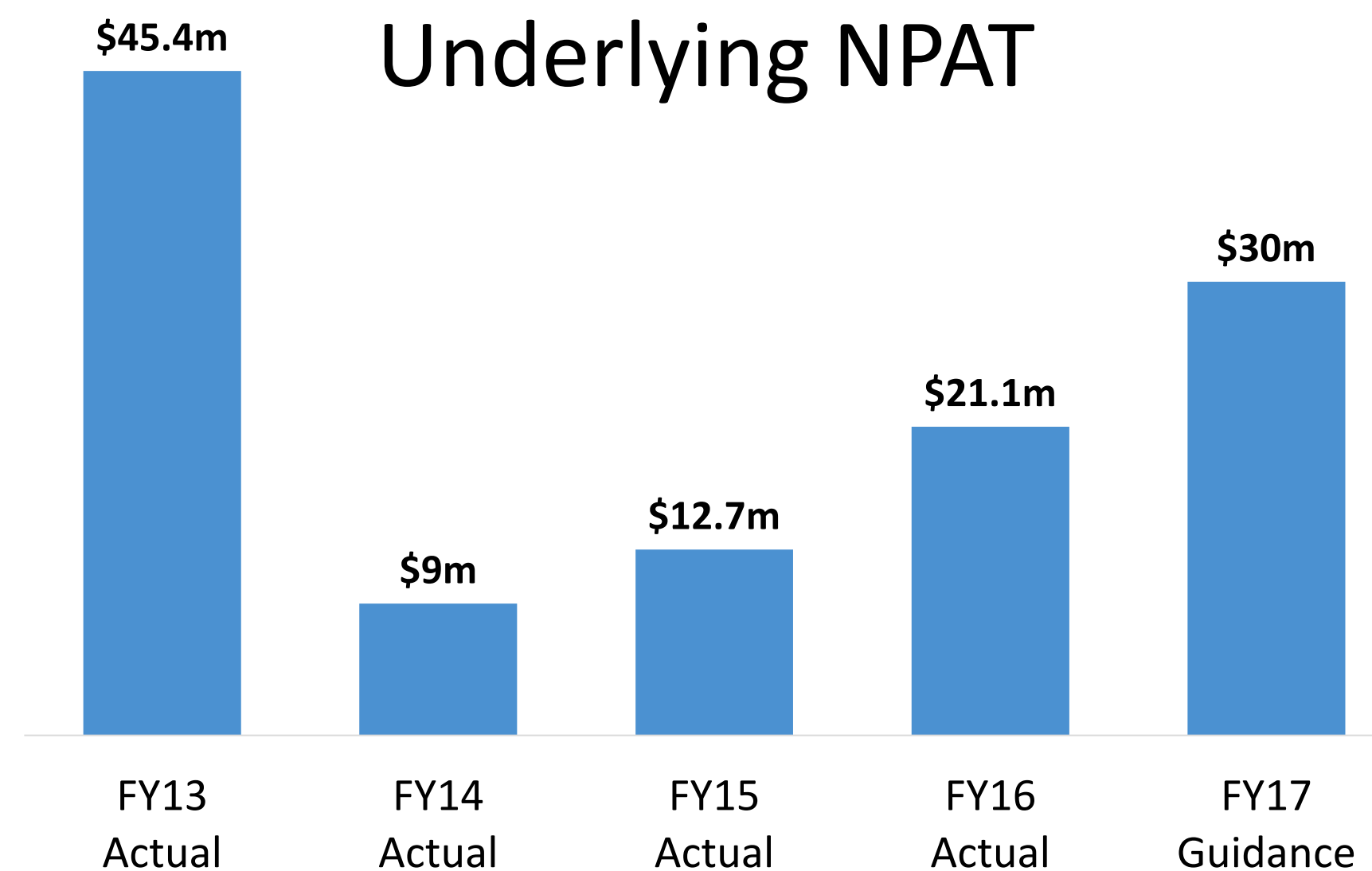
 **CODAN**
DEFENCE ELECTRONICS

Leveraging our core competencies in military radio and countermine

- Long term strategy to further diversify and grow revenue base
- No sales expected in FY17

OUTLOOK FOR FY17

- Current level of performance gives confidence for the future
- We have assumed African demand for GPZ 7000[®] detectors will return to more normal levels in second half
- Expect FY17 Underlying Net Profit After Tax of \$30 million to \$32 million, up 42% on FY16
- Continued focus on expense management:
 - Leverage off low fixed cost base creating strong cash generation



We continue to broaden and enhance our product range in order to access larger markets, increase the scale of the business and reduce earnings volatility.