

25 October 2023

Company Announcements Office  
Australian Securities Exchange  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**2023 AGM – Investor Presentation**

Please find attached a copy of Codan Limited's investor presentation dated 25 October 2023 for release to the market.

Yours faithfully



Michael Barton  
Company Secretary  
On behalf of the Board

This announcement was authorised for release to the market by the Board of Directors.

Codan is a technology company that develops robust technology solutions to solve customers' communications, safety, security and productivity problems in some of the harshest environments around the world.

**FOR ADDITIONAL INFORMATION, PLEASE CONTACT:-**

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CODAN

2023 AGM

Codan Limited

25<sup>th</sup> October 2023

Innovation  
wherever you are

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# CONTENTS

## LEADERSHIP TEAM

## STRATEGY OVERVIEW

- Eagle acquisition
- ESG initiatives

## FY23 RESULTS RECAP

- Communications
- Minelab

## NEAR TERM STRATEGY

## OUTLOOK



# LEADERSHIP TEAM



**Alf Ianniello**

Managing Director  
and CEO



**Michael Barton**

Chief Financial Officer  
and Company Secretary



**Marjolijn Woods**

Chief Human  
Resources Officer



**Peter Charlesworth**

Chief Technology Officer



**Ben Harvey**

Executive General  
Manager, Minelab



**Paul Sangster**

Executive General Manager,  
Tactical Communications



**Scott French**

Executive General  
Manager, Zetron



**Daniel Hutchinson**

Executive General Manager, Strategy,  
Corporate Development and M&A

# STRATEGY OVERVIEW

Codan's renewed growth strategy focused on three core pillars that drive long-term value

STRATEGY

INVEST IN OURSELVES



## GETTING EVERYTHING RIGHT

- Continued focus across people, process and systems
- Drive improvement in core financial metrics
- Investment into innovation and new product development
- Strong pipeline of future projects
- Leading technology in markets we serve



## QUALITY OF TOPLINE

- Global opportunity - Ongoing geographic diversification
- Expansion of product suite and full-service solutions (Communications)
- Enhance total addressable market via wider range of customers and verticals
- Diversified earnings – Building more stable and predictable revenue streams

STRENGTHEN CORE BUSINESSES

DISCIPLINED CAPITAL ALLOCATION



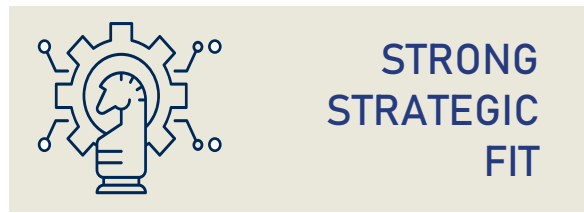
## ACQUISITIONS THAT CREATE VALUE

- Seek strategically-aligned opportunities, offering scale and access to adjacent markets
- Bolt-on opportunities complementing existing technology and markets
- Target emerging technologies to further strengthen differentiated product pipeline

# ACQUISITION OF EAGLE – AUGUST 2023



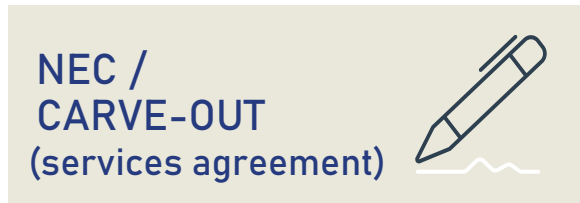
Strong strategic fit, acquiring technology and capability to accelerate growth



STRONG  
STRATEGIC  
FIT



GEOGRAPHIC  
EXPANSION



# ESG INITIATIVES

## ENVIRONMENT



TCFD alignment,  
ESG Reporting



Stakeholder engagement  
around climate related  
risks & opportunities



Sustainability Council  
terms of reference



Organisational  
carbon footprint

## SOCIAL



University scholarship  
support: Women in STEM,  
Founders PhD



Investment and  
development in our people



African community  
engagement, funding  
and support



Charitable contributions  
& partnerships

## GOVERNANCE



Female directors exceeds  
ASX benchmark



Core values and ethical  
business practices at the  
heart of what we do



Company-wide  
governance program



Training and education  
on critical compliance  
programs



# FY23 HIGHLIGHTS

Revenue

**\$456.5m**

-10% vs. FY22

EBITDA

**\$116.8m**

-28% vs. FY22

Underlying NPAT

**\$65.5m**

-35% vs. FY22

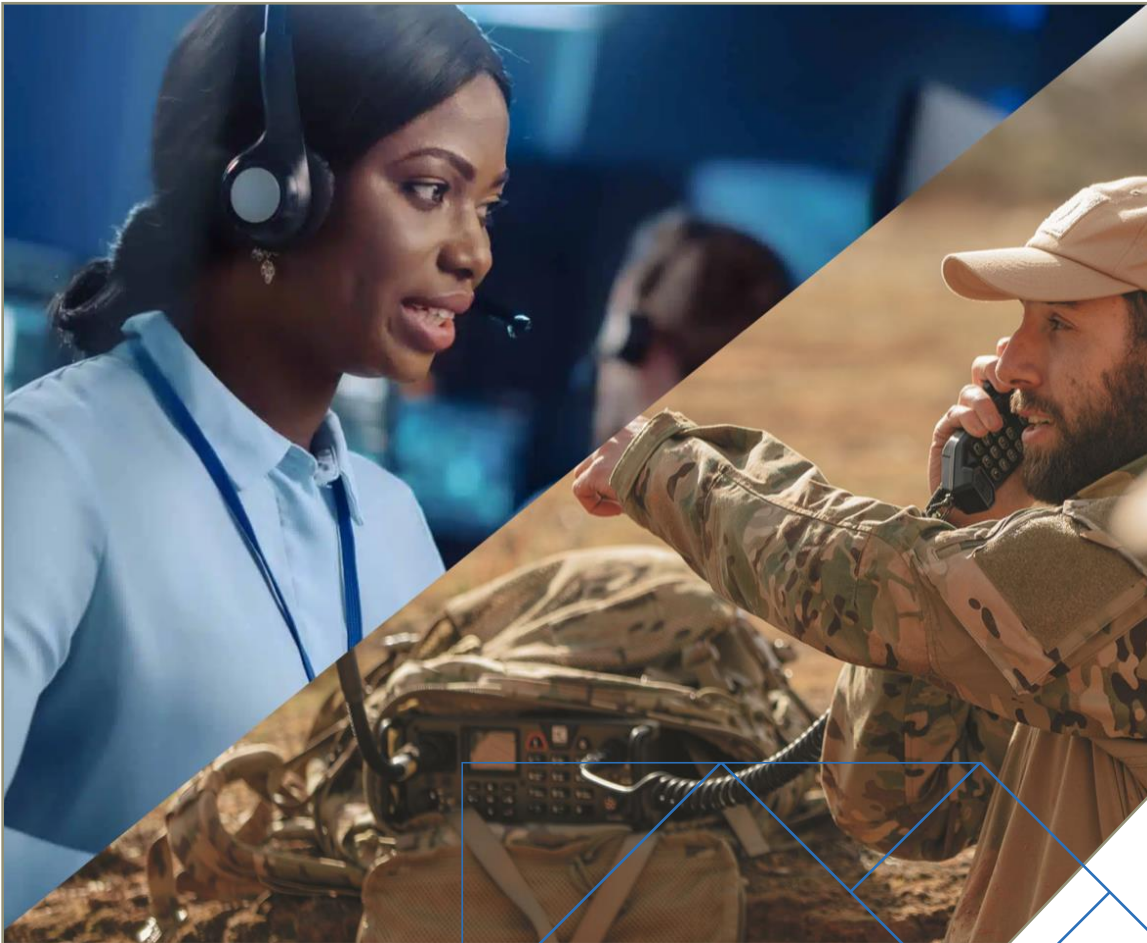
Underlying EPS

**36.3 cents**

-35% vs. FY22

- Strong results amidst unprecedented challenges and uncertain geopolitical and macroeconomic factors
- Group revenue of \$456.5 million, delivering statutory net profit after tax of \$67.7 million and underlying net profit after tax of \$65.5 million
- Reduction versus FY22 reflects ongoing disruption in Minelab's African market
- Partially offset by:
  - Strong organic growth within Communications, revenues +14% versus FY22, towards upper end of target range
  - Minelab Rest of World (RoW)<sup>1</sup> recreational detector sales remarkably resilient, supported by innovative new products

# COMMUNICATIONS



- FY23 Communications revenue of \$274.5 million (FY22: \$241.7 million), +14% versus pcp (vs 10-15% targeted range)
- Both Tactical Communications and Zetron achieved double-digit growth:
  - Tactical driven by unmanned systems, broadcast and law enforcement, as well as single large military project
  - Zetron benefiting from continued expansion in U.S. public safety market
- Strong segment profit margin of 25%, in line with FY23 target (FY22: 21%)
- 9% growth in orderbook to \$163 million (vs \$149 million as at 30 June 2022)
- Continued investment in technology platforms, further enhancing value proposition to new and existing customers
- Considerable effort and investment directed towards strengthening sales teams, ensuring resources and expertise in place to pursue opportunities in key growth markets

# METAL DETECTION



- FY23 Minelab revenue of \$176.1 million (FY22: \$262.3 million), decline due to post-Covid reduction and continued disruption of Northeast African market
- All key markets – Rest of World (RoW)<sup>1</sup> recreation, African market and Countermine – delivered stronger H2
  - H2 Minelab revenues +38% versus H1
- RoW recreational detectors remained resilient, growing 9% versus FY22<sup>2</sup>
  - Continues to expand, exceeding record FY22 levels, which were driven by government stimulus and unprecedented COVID-related demand
  - Newly released Manticore, X-Terra Pro, Equinox 700 and 900 detectors well received, delivering exceptional results<sup>3</sup>
- Countermine delivered a strong result, supporting humanitarian efforts to de-mine in countries such as Ukraine
- FY23 segment profit margin remained stable versus H1 at 32%
- Ben Harvey promoted to succeed as Minelab Executive General Manager, effective October 2023

1. ROW metal detector revenue includes countries other than Africa
2. After adjusting for the ceased Russian market
3. New products commenced sales in December 2022

# NEAR TERM STRATEGY

Successful execution will see a more-balanced, integrated and sustainable Codan



## Enhanced offering as full solutions provider

- Increasing awareness and capabilities of DTC across several growth markets (military, law enforcement, unmanned, broadcast)
- Expand presence via improved products and solutions, targeting significant long-term soldier system military programs:
  - Industry first multi-waveform radio solution (Trellisware partnership)
  - Sentry 6161 Mesh radio
- Leverage new technology in broadcast market to maintain dominance in Europe



## Expansion and growth of systems and support contracts

- Increase relevance in the public safety market
- Expand systems support contracts and predictability of recurring services revenue
- Launch next-gen MT5 LMR radio platform targeting communications in the harshest environments
- Integrate and leverage GeoConex and Eagle into command and control suite of applications and services



## Promote new products & expand channels to market

- Invest into pioneering next generation of detectors
- Promote newly-launched Manticore, Equinox 700|900 and X-Terra products
- Geographical expansion, including development of sub-scale markets
- Grow recreational market share via expansion of retail distribution footprint, leveraging eCommerce channel

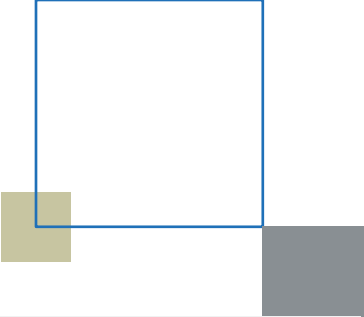
# GROUP OUTLOOK



There are a number of key considerations regarding the Company's outlook for the first half of FY24:

- **Communications** revenue growth (excl. Eagle) targeting 10-15% range, after normalising for the large Communications project delivered in FY23 (approx. \$20 million), noting:
  - Continued strength of **Zetron** performance during first half to-date; and
  - **Tactical Communications** impacted by geopolitical challenges in Africa – specifically within traditional HF market.
- **Eagle** integration progressing well with performance in line with expectations; and
- **Minelab** has exceeded our expectations, with first half FY24 revenues currently expected to be in line with H2 FY23, approximately 40% uplift on H1 FY23.

# BUILDING A STRONGER CODAN



## GLOBAL OPPORTUNITY

Large, globally addressable market, notably within developed market economies



## PROFITABLE GROWTH

Targeting sustainable revenue and profitability growth across business segments



## CASH GENERATION

History of strong cash generation, ensuring appropriate working capital maintained



## DIVERSIFIED EARNINGS

A more-balanced, stable and predictable revenue base



## INNOVATIVE PRODUCT DEVELOPMENT

Engineering investment to enhance suite of future products and solutions



## BALANCE SHEET

Strong capital position, maximising flexibility