

FY18 Results and Strategy Presentation

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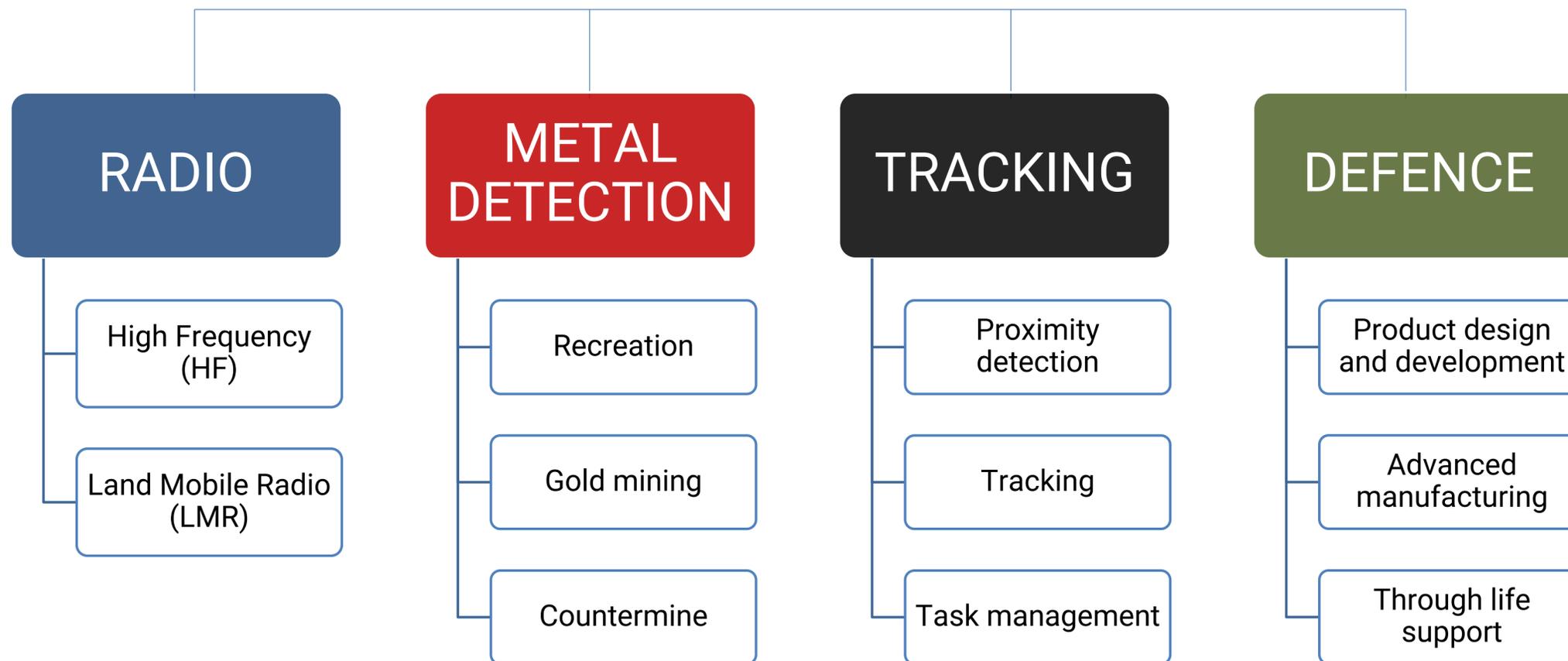
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Robust, innovative technology for global markets

- Portfolio of technology solutions
- Unique, protected intellectual property
- Superior performance in harsh environments
- 59-year history of innovation
- Customers in 150 countries
- Global distribution network

BUSINESS UNITS

> A PORTFOLIO OF TECHNOLOGY SOLUTIONS



CUSTOMERS IN 150 COUNTRIES

> OPERATIONS ACROSS THE GLOBE



FY18 SUMMARY

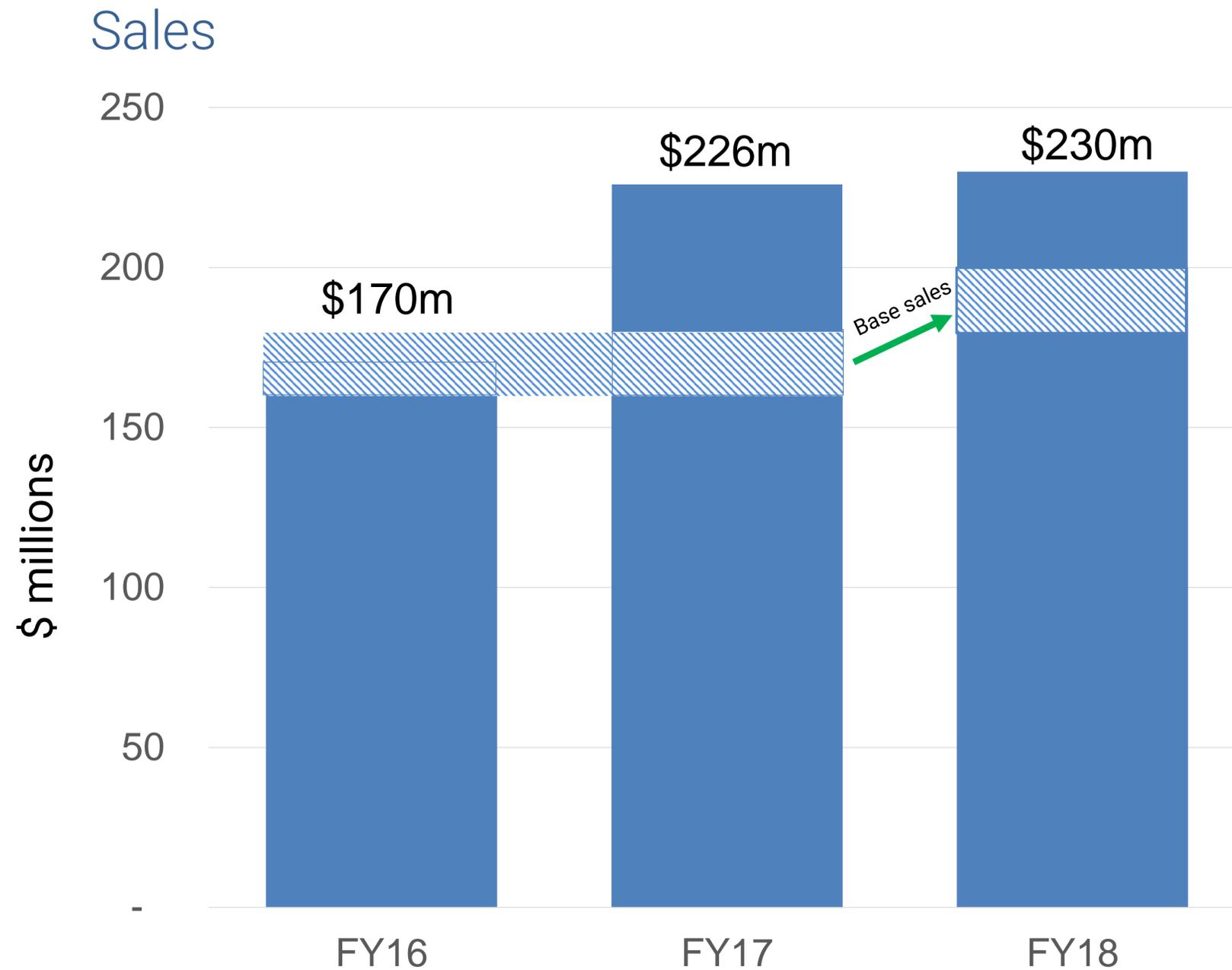
- Another strong year with a special dividend
- Increased base business sales and profit
- Grew sales across metal detector range, less reliant on GPZ 7000®
- Returned \$22 million to shareholders through ordinary and special dividends, 54% payout ratio
- Strong balance sheet - \$28 million net cash
- \$23 million invested in engineering (10% of sales)



* Underlying NPAT and EPS

BASE BUSINESS INCREASED 20%

➤ SALES \$180-200 MILLION / NPAT \$25-30 MILLION



Base business sales
Increased to \$180 million - \$200 million,
up from \$160 million - \$180 million

Outperformance occurs when:

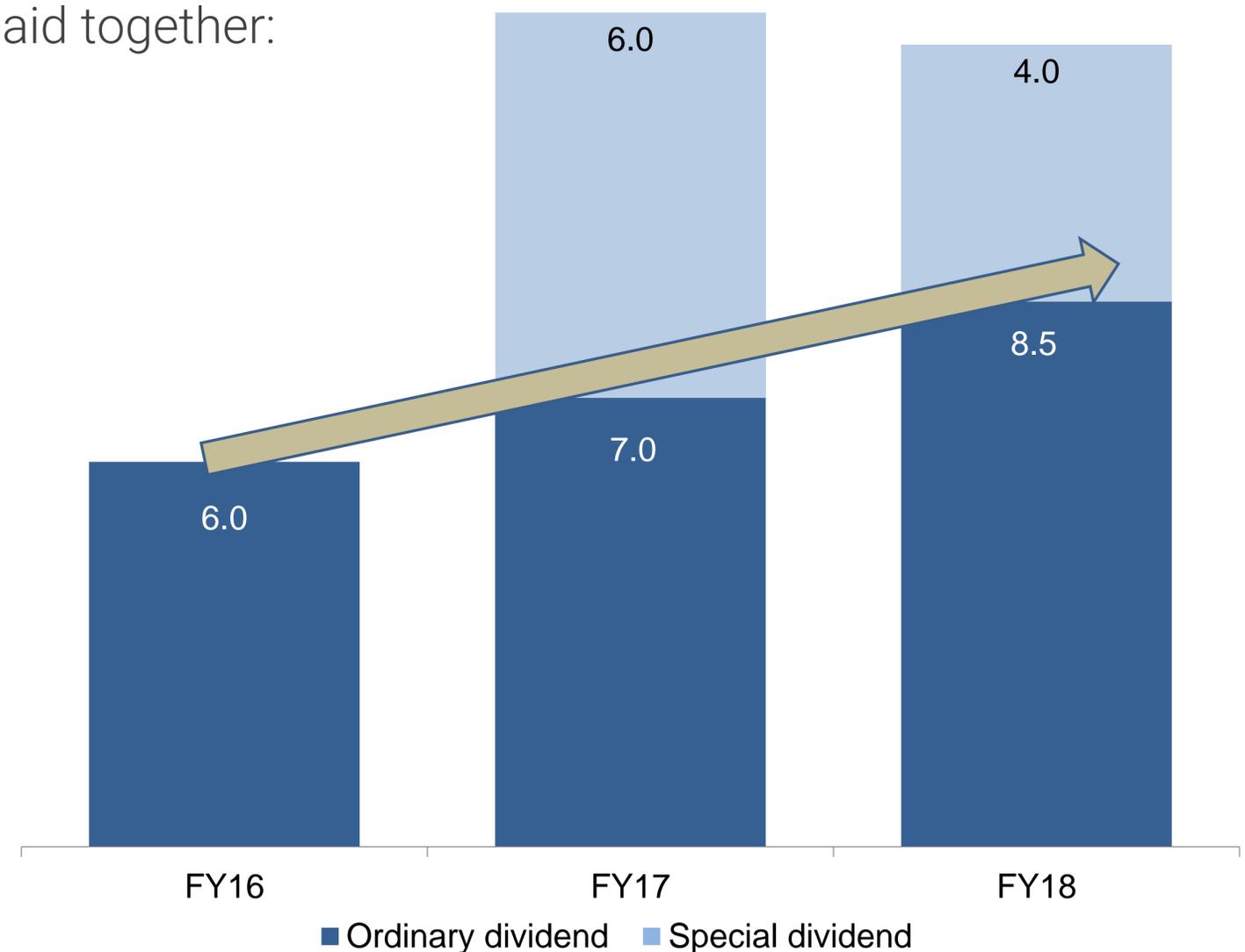
- Strong demand for gold detectors in Africa
- Large HF project wins

DIVIDEND

> ORDINARY DIVIDEND UP 21% + SPECIAL DIVIDEND

- > 4.5 cent final ordinary dividend (4 cent interim)
- > 4 cent special dividend reflects outperformance due to continuing strong gold detector sales
- > Maintaining 50% dividend payout ratio
- > Earlier dividend payment
- > Final ordinary and special dividends will be paid together:
 - > Record date 3 September 2018
 - > Payment date 14 September 2018

Increasing ordinary dividend reflects growth in base business earnings



INCREASING THE BASE BUSINESS

> DELIVERED IN FY18



Diversified gold detector sales in Africa – Gold Monster[®], SDC 2300[®]
Grew recreational detector business - released Equinox[®]



Key marketing and development contract with Caterpillar
Awarded milestone BHP contract for Olympic Dam



Expanded HF Military offering
Continued Cascade LMR platform development



Bid into three major Australian projects
Building pipeline of opportunities

STRATEGY

DIVERSIFY REVENUES, BUILD THE BASE BUSINESS

- ✓ Broadened the earnings base
- ✓ Wider metal detection product range
- ✓ Strengthened HF Military offering
- ✓ Improved Minetec distribution (CAT)
- ✓ Less dependence on GPZ 7000®
- ✓ Transitioned to solutions provider

Leverage our IP advantage
Deliver CAT Minestar™ for underground mines
Double Tracking revenues
Grow LMR business through Cascade
Win Australian defence contracts
Pursue acquisitions that meet strict strategic and financial criteria

FY16 – FY18

FY19 – FY21

BROADENING THE EARNINGS BASE

8 NEW PRODUCTS, 3 MINETEC SOFTWARE UPGRADES

GPZ7000

World's best gold detector
Released in Africa
Nov 2015



Major software upgrade

SENTRY® H

Military base and mobile radio
Sept 2016

GPZ19

Large coil for GPZ
Nov 2016

SENTRY® V

Military handheld tactical VHF radio
May 2017

EQUINOX

Revolutionary coin & treasure detector
Feb 2018

FY16

FY17

FY18

CYCLONE

LMR repeater system
Mar 2016

SAFEDETECT™

SMARTS™

Major software upgrades

CONVOY

HF messaging & remote asset tracking
Nov 2017

وحيش الذهب 1000
GOLD MONSTER 1000

Gold detector for African conditions
May 2017

BUSINESS UNITS



METAL DETECTION

PERFORMANCE IS EVERYTHING



Coin & Treasure, Gold Detectors

Key markets - Australia, USA, Europe, Russia

Users:

- Families
- Weekend enthusiasts
- Serious treasure hunters
- Gold prospectors
- Archaeologists
- Beach & deep sea detectors

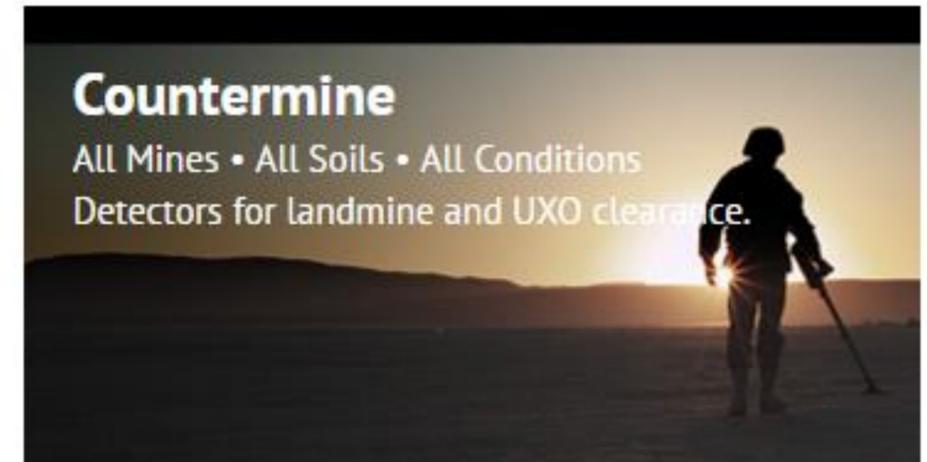


Hand-held Gold Detectors

Key markets – Africa, AsiaPac, LATAM

Users:

- Small scale artisanal miners
- Gold prospectors



Land Mine Detectors

Key market – countries impacted by war – past and present

Users:

- Demining organisations
- Governments
- Security forces
- Armed forces

METAL DETECTION



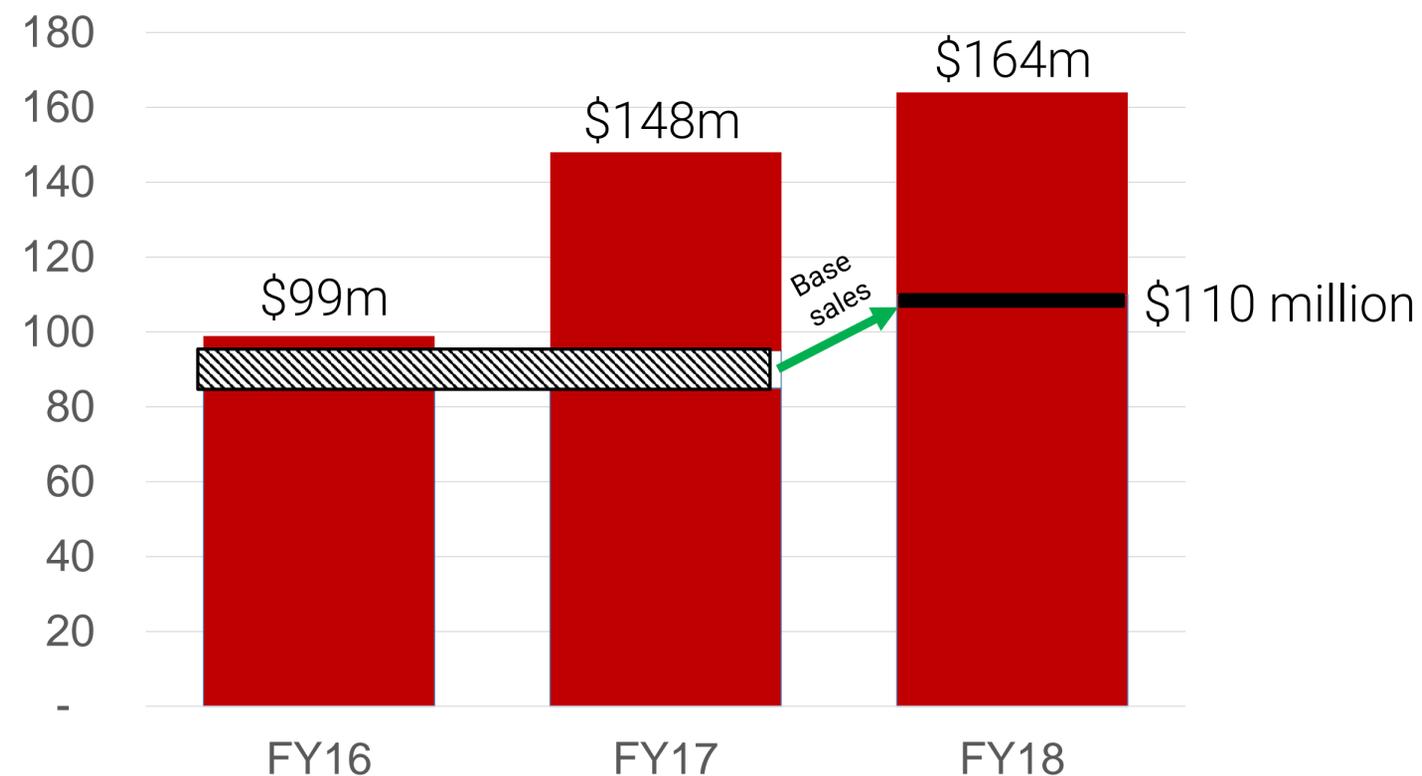
FY18

- Increased base business by 20%
- Released Equinox® coin & treasure detector
- Reduced dependence on GPZ 7000®
- Strong African gold detector sales continued

FY19 Goals

- Complete Countermine dual-sensor machine
- Maximise gold detector sales and profit
- Expand geographic footprint
- Continue retail expansion
- Further invest in new products

Metal Detection sales



Base business sales increased to circa \$110 million, up from \$85 million to \$95 million:

- Equinox® release
- Expanded gold detector range
- Entry into new markets
- FY19 strong demand continuing in Africa

GOLD MINING

DIVERSIFIED PRODUCT RANGE



GOLD DETECTORS



ولنت الذهب 1000
GOLD MONSTER 1000

RRP
ex TAX/shipping

\$799 USD



SDC 2300

\$3750 USD



GPX Series

\$2699 - \$3999 USD



GP 7000

\$7999 USD

ENTRY

-

MID RANGE

-

PROFESSIONAL

RECREATION

WORLD'S BEST COIN & TREASURE TECHNOLOGY



RECREATIONAL DETECTORS



GO*FIND SERIES

XTERRA Series

EQUINOX Series

Safari

EXCALIBUR II

E-TRAC

CTX 3030

RRP
ex TAX/shipping

\$149 - \$249 USD

\$259 - \$499 USD

\$649 - \$899 USD

\$999 USD

\$1549 USD

\$1450 USD

\$2499 USD

HOBBYIST

-

ENTHUSIAST

-

SPECIALIST

-

EXPERT

EQUINOX® RELEASE

- Major technology upgrade
- Released February 2018 to strong demand
- **NEW Multi-IQ** technology
 - Simultaneous multi-frequency
 - Adaptable for all target types and ground conditions
 - Obsoletes all single frequency VLF detectors
- Mid-range recreational detector
 - Waterproof
 - Wireless audio
 - Lightweight
 - Easy set-up
 - RRP \$649 - \$899 USD

EQUINOX Series

Multi-IQ
Simultaneous Multi-Frequency Technology



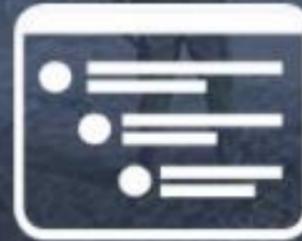
TRACKING SOLUTIONS

HIGHLY ACCURATE UNDERGROUND TRACKING

MINETEC



TRACKING VISUALIZATION



TASK MANAGEMENT



PROXIMITY DETECTION



Tracking people and assets in real time



Eliminating bottlenecks to increase output



Highly accurate awareness and alerts

- TRACKING + DATA COMMUNICATIONS + SOFTWARE
- One system for real time tracking and communications in:
 - Underground hard rock mines
 - Surface mines where GPS is inadequate
 - Mines seeking a single system to co-exist above and below ground

TRACKING SOLUTIONS

CRITICAL MILESTONES ACHIEVED

MINETEC

FY18

- Signed collaboration agreement with Caterpillar
- Won global tender to supply BHP Olympic Dam
- Delivered SafeDetect™ system at major surface mine
- Began integrating CAT Minestar™ for Underground
- Delivered \$9 million sales and small operating profit

FY19 Goals

- Complete initial integration of CAT Minestar™ for Underground and launch through CAT dealer network
- Deliver BHP contract
- Continue development of CAT Minestar™ for Underground
- Targeting circa \$15 million revenue



SMARTS in-vehicle tablet



Underground control room using Minetec products

CAT MINESTAR™

FOR UNDERGROUND

MINETEC

Integrated solution for mine operations and equipment management –
fleet management, material tracking, autonomous mining



COMMAND



FLEET



HEALTH

Existing CAT Solution



Existing Minetec Solution

Combined offering:



for Underground

INTEGRATING MINETEC INTO CAT MINESTAR™

MINETEC



Minestar™ for Underground:

- Scalable and incremental, works across all OEM brands (not Caterpillar centric)
- The most complete integrated solution for every size, type and complexity of underground hard rock mine

| What Minetec brings | | Benefits |
|-------------------------------------|---|---|
| Underground tracking network |  | Real-time sub-metre tracking of people and assets |
| 100MB high speed data channel |  | Video back-haul, immediate communication with controllers, real time visibility and control |
| Instant, precise employee location |  | Enhanced safety |
| Instant, precise equipment location |  | Reduced shift change delays |
| Cycle time data on machinery |  | More efficient use of equipment |
| Traffic management |  | Keep payloads moving |
| Real-time task management |  | Optimise face utilisation |

MILESTONE CONTRACT

WITH BHP

MINETEC

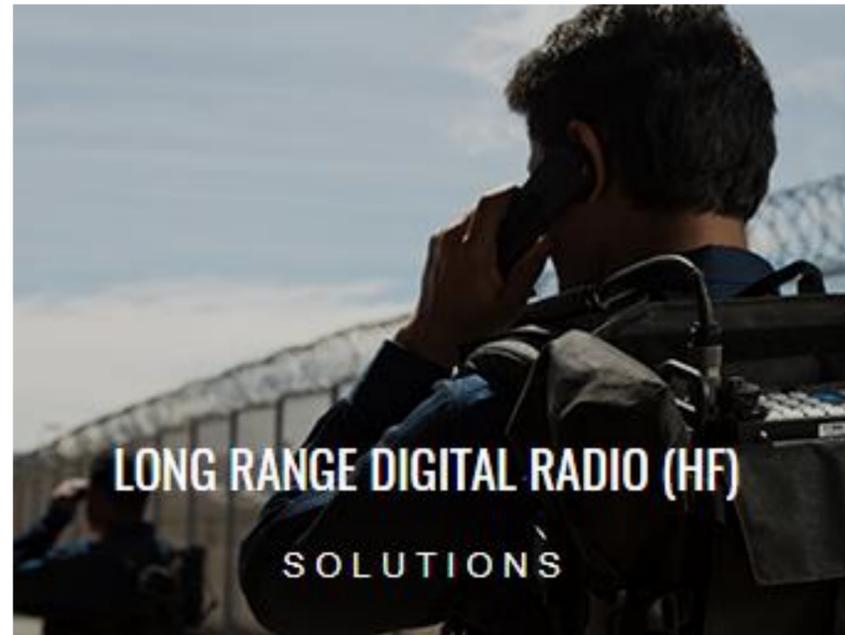
- Supplying BHP's Olympic Dam mine in South Australia
- Underground Fleet Management – proximity detection + tracking + task management
- Total contract value \$9.5 million, 50% delivered in FY18

Olympic Dam

- 4th largest copper mine in the world
- Largest single deposit of uranium
- 800 underground employees
- Potential expansion



RADIO COMMUNICATIONS

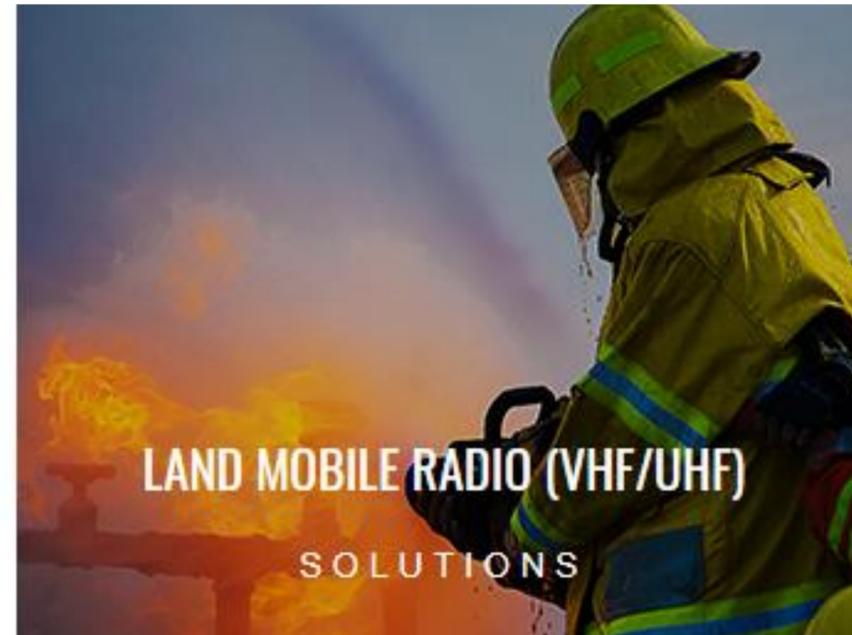


Infrastructure free, long range radio communications

Key markets – Africa, Asia

Users:

- Humanitarian
- Peacekeeping
- Public Safety

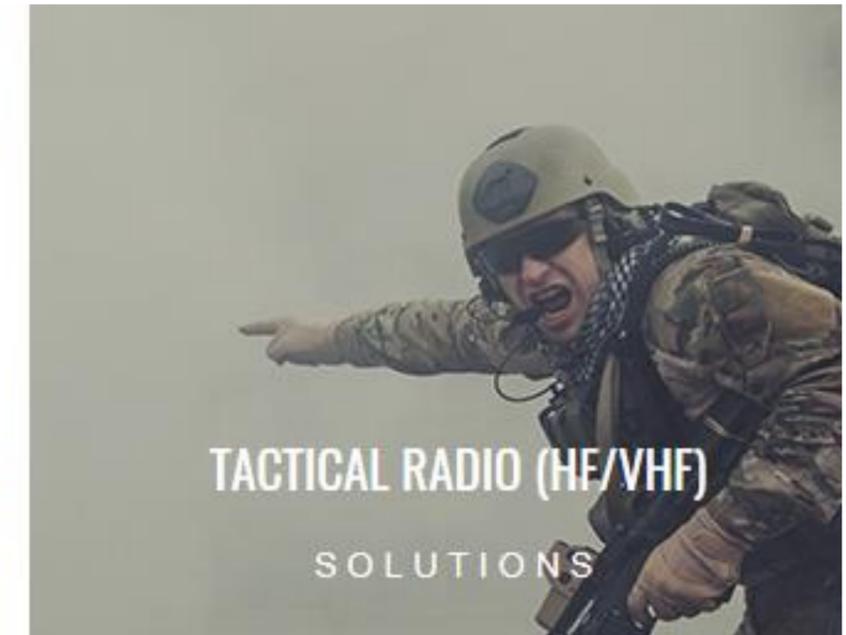


Robust, dependable wireless systems for voice and low-speed data communications

Key markets – North America, Australia

Users:

- Domestic Security
- Public Safety & First Responders
- Remote Land Management
- Emergency Services



Purpose-built radios for maximum reliability and ruggedness

Key markets – Africa, Middle East, Eastern Europe, Latin America, Asia

Users:

- Military

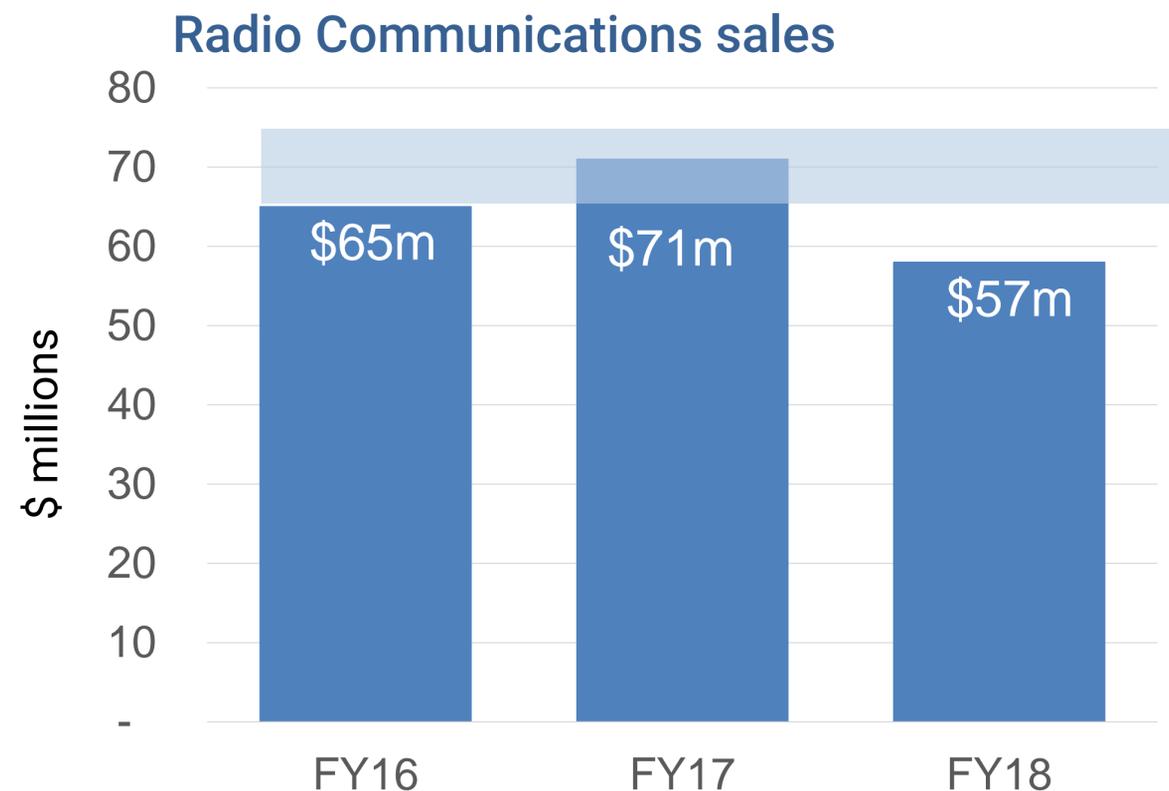
RADIO COMMUNICATIONS

FY18

- Expanded product offering in Tactical VHF
- First major sale of Sentry-H™ radio
- Built HF Military sales pipeline, focus on US FMS* programs
- Delivered first LMR end-to-end solution (RiverCom 911)
- Softer HF humanitarian and LMR markets

FY19 Goals

- Broaden HF Military offering
- Increase HF Military market share
- Continue focus on US FMS* programs
- Progress development of Cascade LMR platform
- Continue transition to full communications solutions provider



Base business sales \$65 million to \$75 million

- Large HF projects can take us to the top of this range
- Expanding product range to grow base business
- Base business sales not achieved in FY18
- Expect FY19 sales within base business range

*US government funded Foreign Military Sales

DEFENCE ELECTRONICS

The opportunity: \$200 billion of Australian defence equipment procurement planned over the next ten years

- Leveraging Codan's RF defence capability and South Australian location
- Qualified Australian partner for Defence Primes
- Approved supplier to Rheinmetall for LAND400 Combat Reconnaissance Vehicles (211 in various configurations), construction starting 2018/19
- Approved supplier to BAE Systems for SEA5000 program (9 Hunter-class frigates), construction in Adelaide starting 2020

Prime Contractors



Technologies



LAND 400 Boxer Combat Reconnaissance Vehicle



SEA 5000 future frigate

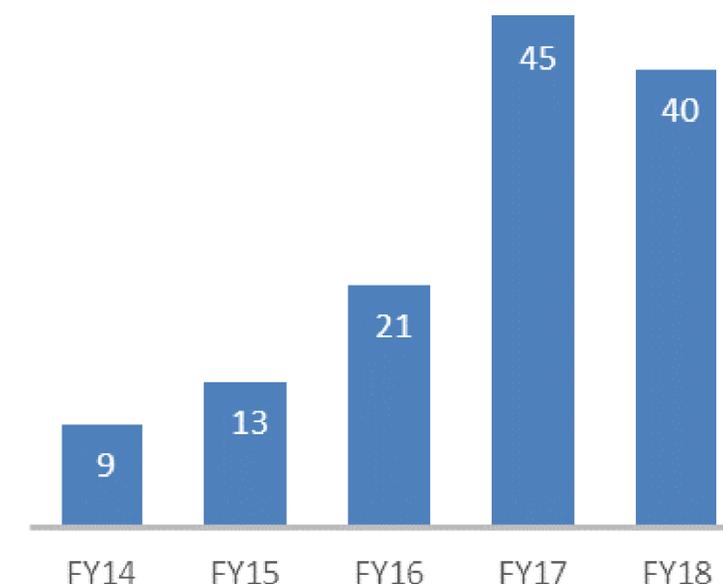


Financial results

ANOTHER STRONG YEAR

| Underlying business performance | FY16 | FY17 | FY18 |
|--|---------------|---------------|---------------|
| | \$m | \$m | \$m |
| Revenue | \$169.5 | \$226.1 | \$229.9 |
| <i>Underlying business performance</i> | | | |
| EBITDA | \$41.9 | \$75.6 | \$70.4 |
| EBIT | \$29.2 | \$61.5 | \$53.7 |
| Net interest | (\$1.7) | (\$0.8) | (\$0.5) |
| Net profit before tax | \$27.5 | \$60.7 | \$53.2 |
| Underlying net profit after tax | \$21.1 | \$44.7 | \$39.8 |
| Statutory net profit after tax | \$15.5 | \$43.5 | \$41.5 |
| <i>EBITDA margin</i> | 25% | 33% | 31% |
| <i>NPAT margin</i> | 12% | 20% | 17% |

UNDERLYING NPAT
(\$ MILLIONS)

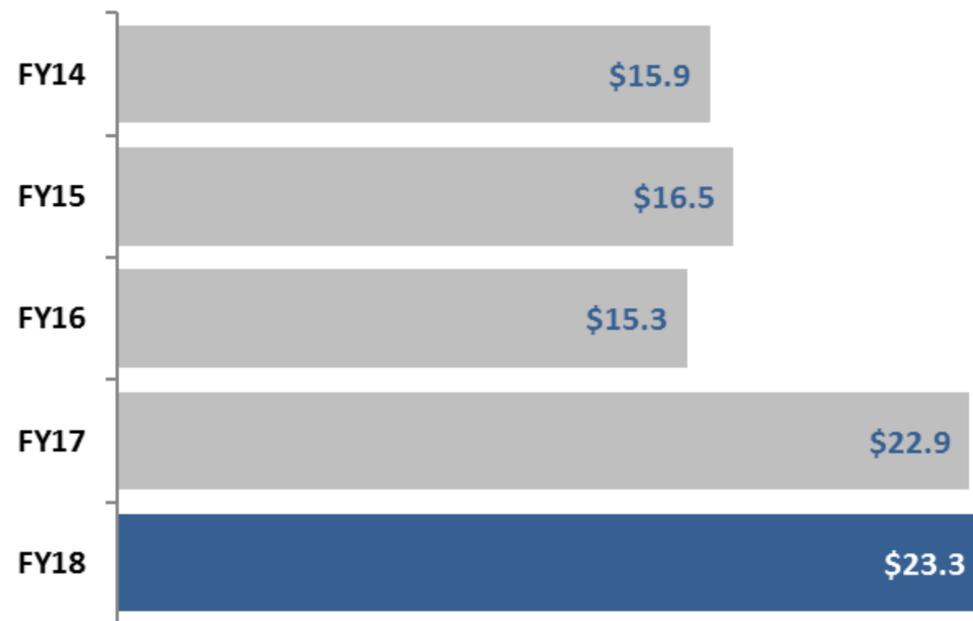


- Profit margins remained strong, continue to leverage fixed cost base
- Operating expenses broadly in line with prior year
- Increased amortisation of intangible assets
- Tax benefit on Newton property

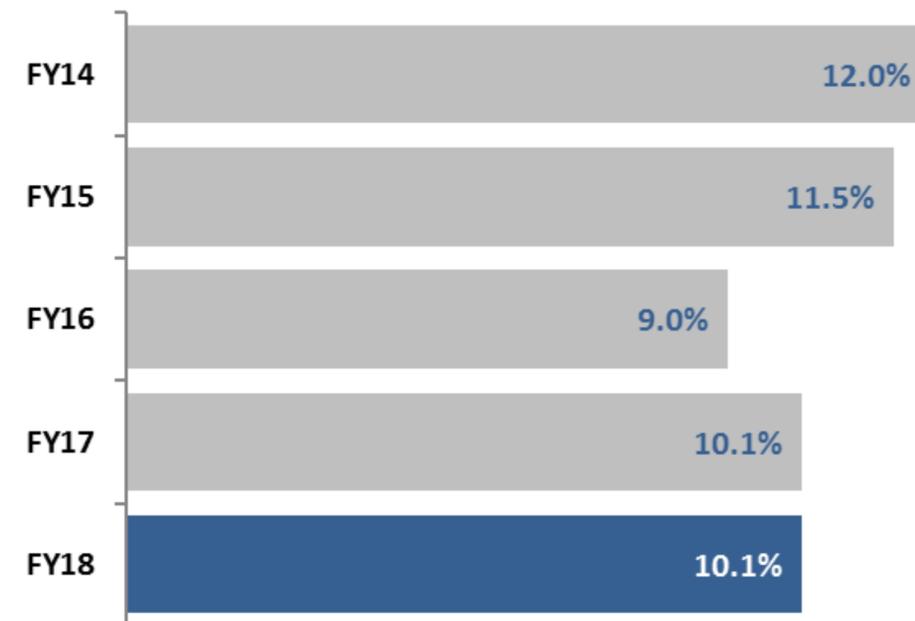
ENGINEERING INVESTMENT

CONTINUING TO INVEST IN OURSELVES

Engineering spend (\$m)



Engineering spend (% sales)



- Engineering investment will drive future growth
- Fundamental to our strategy of growing the base business
- Significant pipeline of future projects

BALANCE SHEET

Strong balance sheet

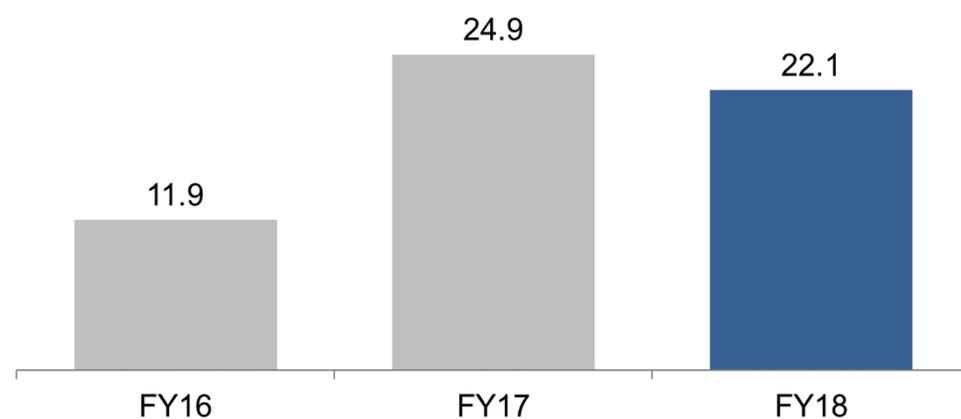
- \$48 million cash generated from operations, strong cash conversion
- Debt-free, \$28 million net cash position
- Debt facility reduced from \$55 million to \$40 million
- Receivables increase driven by timing of sales
- Payables increased due to increased production requirements to build inventory

| | Jun-17 | Dec-17 | Jun-18 |
|------------------------------------|----------------|----------------|----------------|
| | \$m | \$m | \$m |
| Receivables | \$20.6 | \$20.5 | \$29.8 |
| Inventories | \$31.0 | \$34.5 | \$31.6 |
| Payables | (\$36.6) | (\$31.8) | (\$46.3) |
| Total working capital | \$15.0 | \$23.1 | \$15.0 |
| Property, plant & equipment | \$15.7 | \$16.5 | \$16.2 |
| Product development | \$54.2 | \$58.8 | \$59.8 |
| Intangible assets | \$86.2 | \$86.6 | \$86.6 |
| Other assets | \$3.5 | \$3.6 | \$2.6 |
| Other liabilities | (\$31.1) | (\$15.1) | (\$19.9) |
| Net assets before cash/debt | \$143.6 | \$173.5 | \$160.4 |
| Net cash (debt) | \$21.4 | (\$4.4) | \$27.7 |
| Net assets | \$165.0 | \$169.1 | \$188.1 |

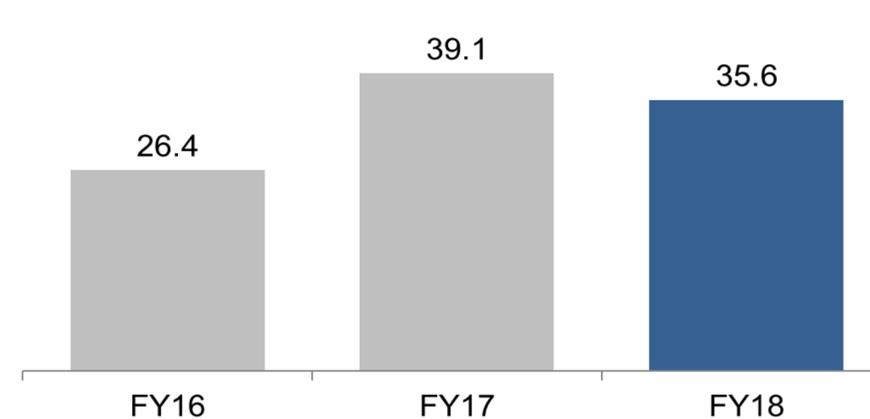
KEY RATIOS

DEBT FREE, STRONG CASH GENERATION

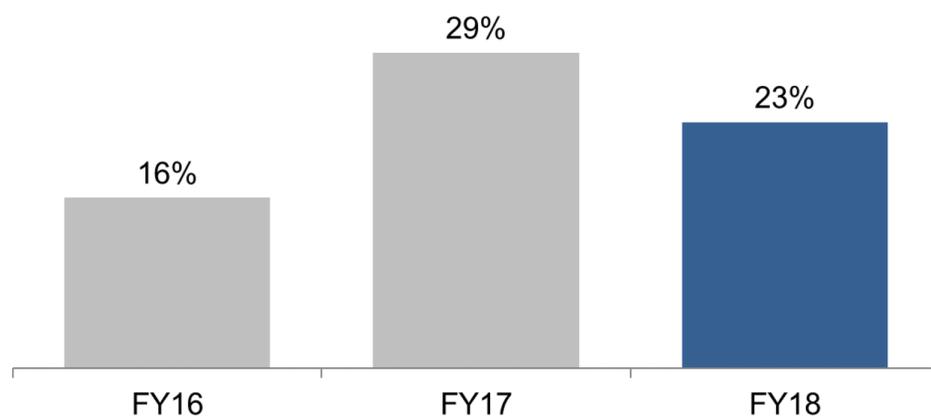
Underlying earnings per share (cents)



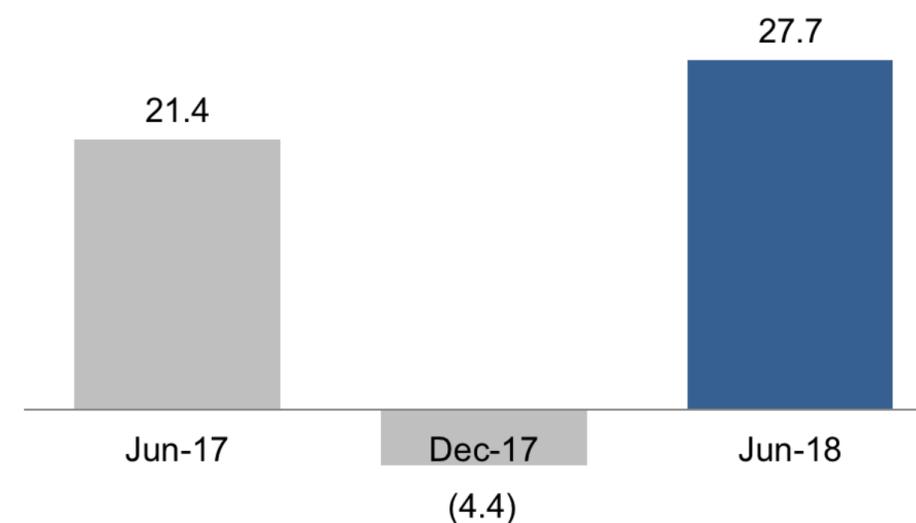
Free cash flow (\$m)²



Return on equity (%)¹



Net cash (debt) (\$m)



¹Return on equity = underlying net profit after tax divided by total equity

²Free cash flow = operating cash flow + interest – cash outflow for all product development, IP acquisition and capital expenditure, normalised for tax

OUTLOOK FY19

- Base business has increased 20%:
 - Sales range: \$180 million to \$200 million
 - NPAT range: \$25 million to \$30 million
- Initiatives continue to grow the base business
- Potential to again exceed base business sales and profit
- Business update at AGM on October 31st