



Robust, innovative technology

2018 Half-Year Results & Update

5 March 2018

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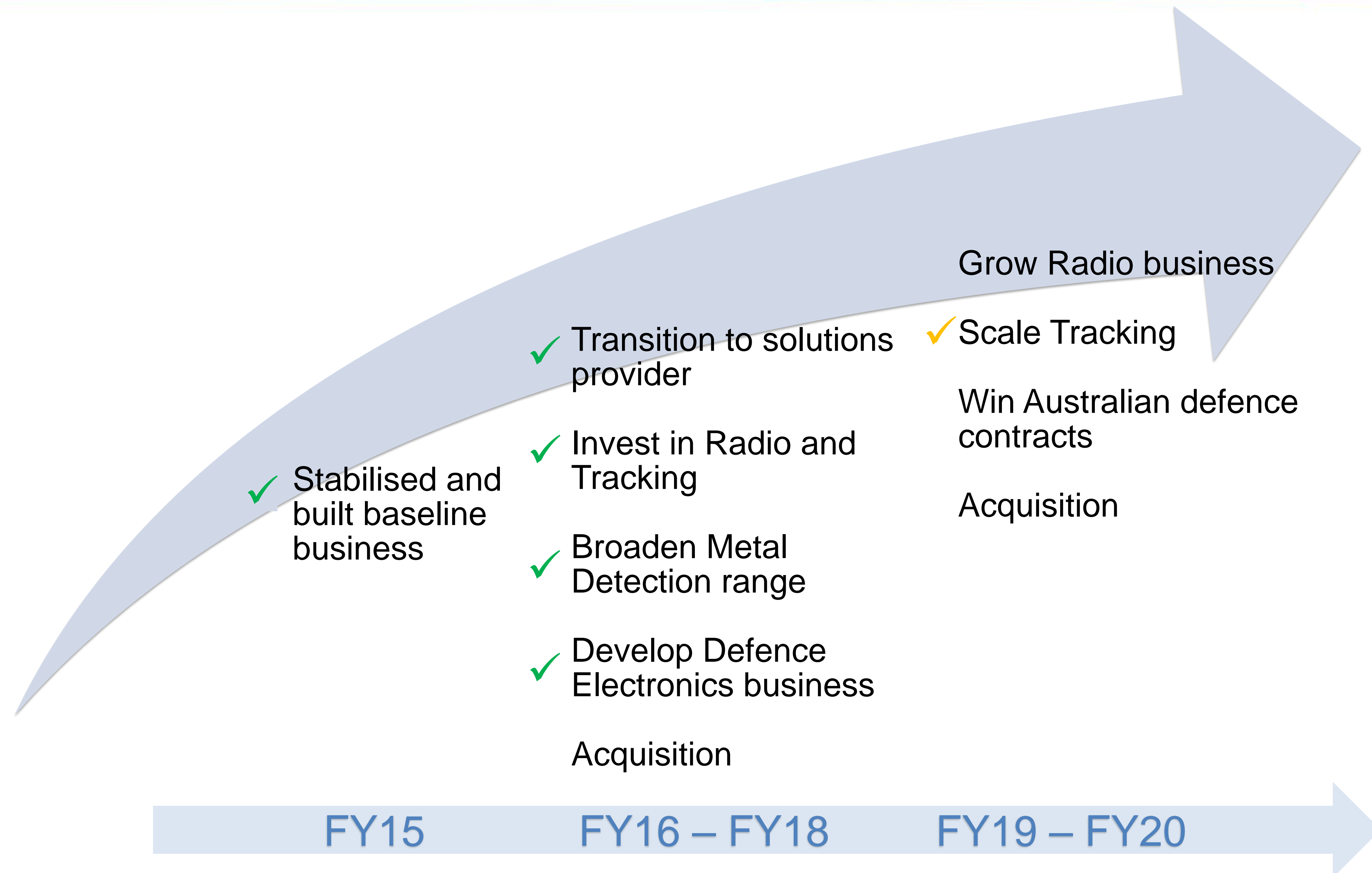
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**Robust, innovative
technology for global
markets**

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

STRATEGY - BUILD THE BASE BUSINESS



BUILDING THE BASE BUSINESS

DELIVERED IN FY18

Transition to solutions provider

- ✓ Delivered Rivercom 911 LMR solution
- ✓ Released Cascade™ LMR platform (VHF)
- ✓ Expanded HF Military offering

Invest in Radio and Tracking

- ✓ HF Sentry® military radio released and accepted by market
- ✓ Significant investment in Minetec technology
- ✓ Minetec signed distribution agreement with Caterpillar

Broaden Metal Detection range

- ✓ Established Gold Monster® as dominant lower-priced gold detector in Africa
- ✓ Released EQUINOX® – enhanced recreational offering

Develop Defence Electronics

- ✓ Built a substantial sales opportunities pipeline
- ✓ Working with a number of large defence primes

Acquisition

- ✓ Continue to review and assess opportunities
- ✓ Maintaining a strategic and disciplined approach

FY18 HALF-YEAR RESULTS

Strong Result: well positioned for the second half

Half-year result

- Sales and net profit after tax significantly above base-level expectation
- Strong EBITDA margin of 29%
- Interim fully franked dividend 4.0 cents
- Continuing strong balance sheet

Sales

\$95M

EBITDA

\$27M

NPAT

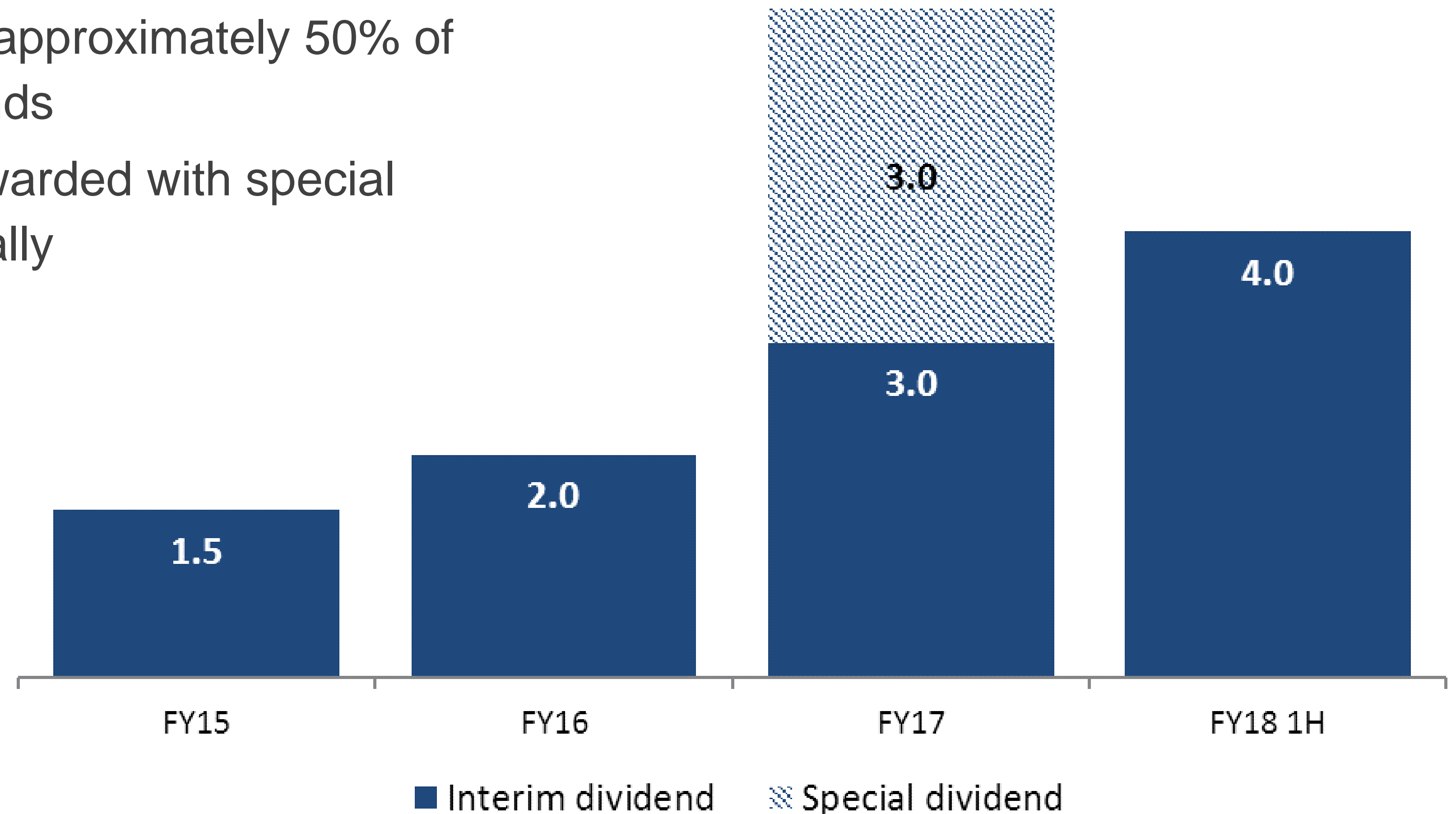
\$16M

EPS

8.8c

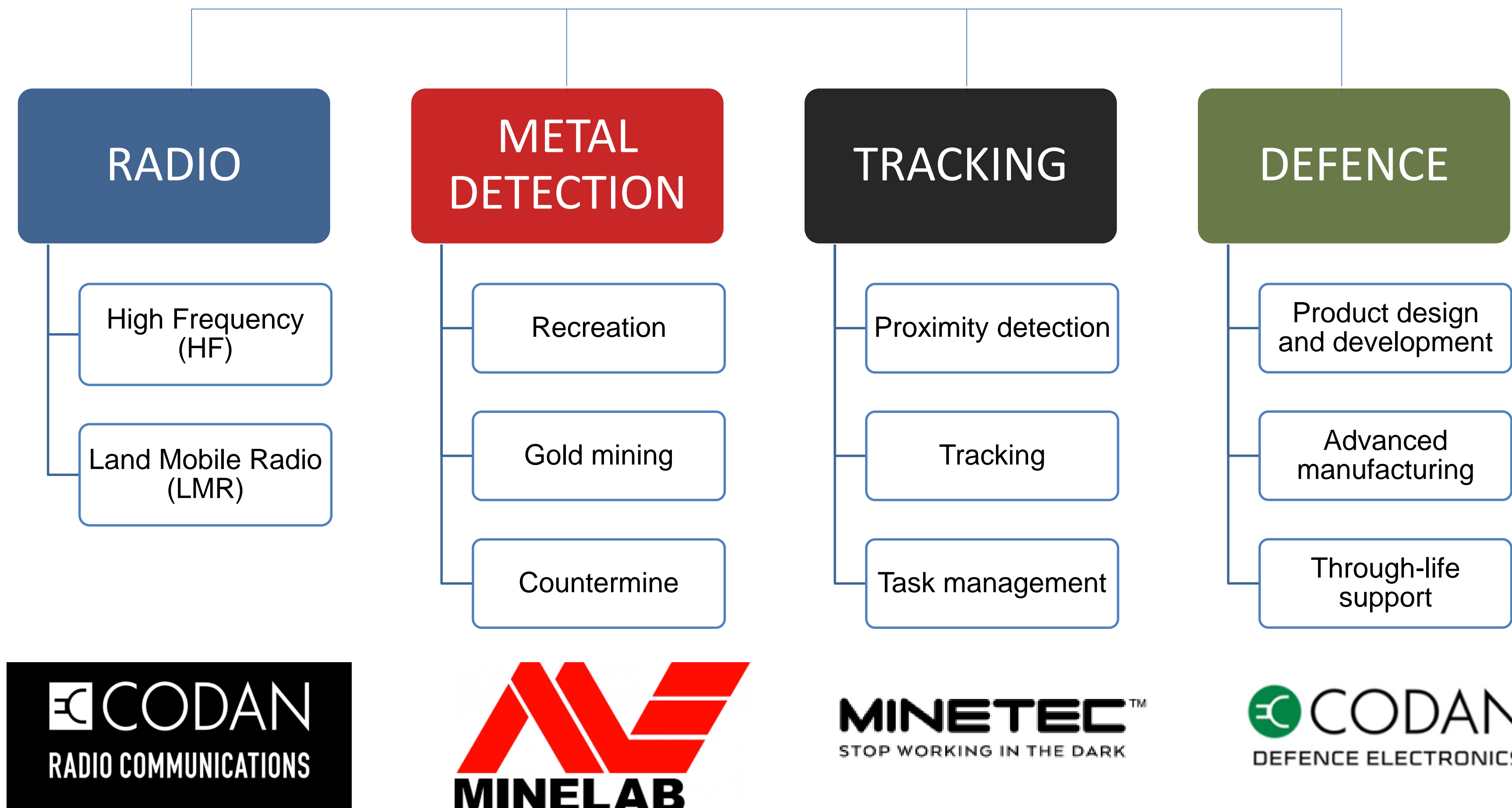
DIVIDEND

- Interim dividend 4.0 cents – 45% payout ratio
 - Record date 15 March 2018
 - Payment date 3 April 2018
- Board policy of paying out approximately 50% of base-level profit as dividends
- Outperformance will be rewarded with special dividends – declared annually



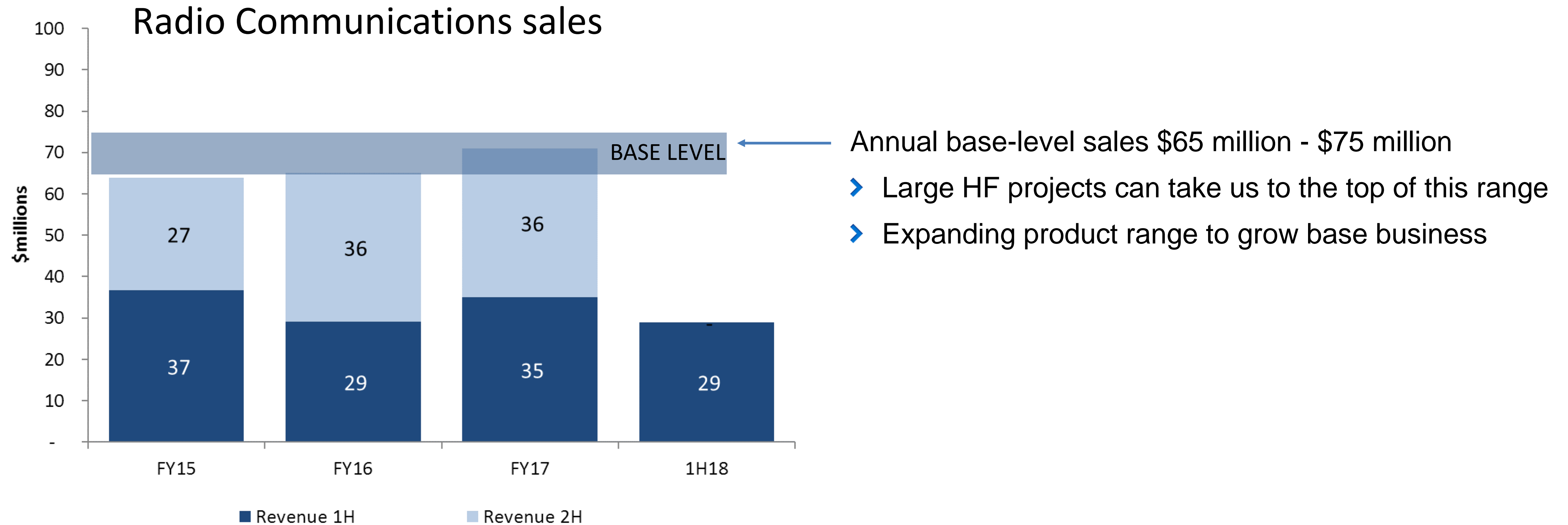
BUSINESS UNITS

A PORTFOLIO OF TECHNOLOGY SOLUTIONS



RADIO COMMUNICATIONS

TRANSITIONING TO SOLUTIONS PROVIDER



- Investing in new HF military Manpack radio
- Further LMR Cascade™ platforms to be released in FY18 and FY19
- Collaborating with major communications/defence companies to expand our HF Military offering
- FY18 sales expected to be in line with base-level

RADIO COMMUNICATIONS

EXPANDING OUR HF MILITARY OFFERING



Targeting larger Military market:

- Focus on developing-world militaries in Africa, Middle East, Asia, Eastern Europe & Latin America

Sentry-H[®] Military Radio capability enhancement

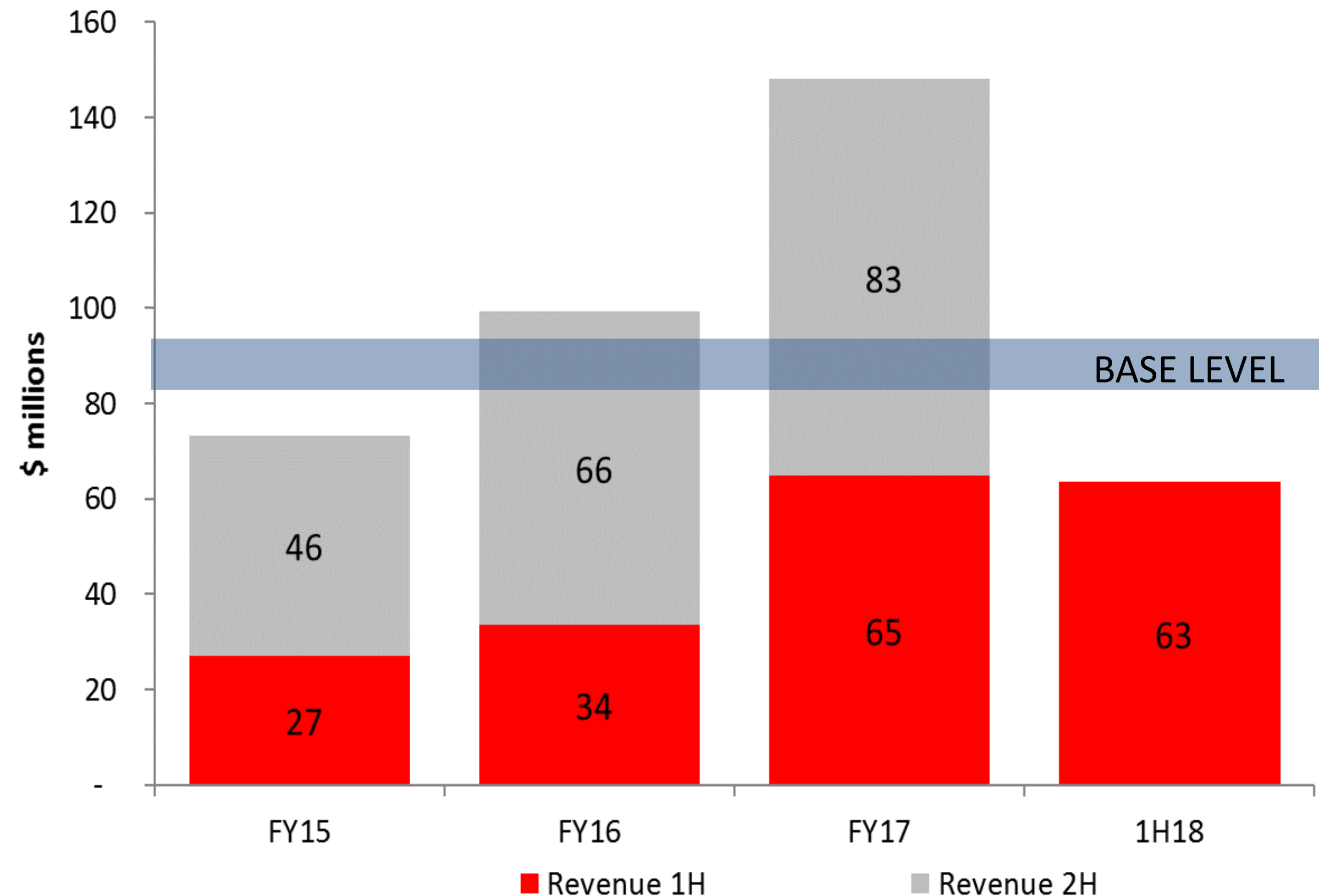
- Smaller form factor, digital voice, high-end encryption, easily integrates with existing platforms
- Upgrade released December 2017
- First substantive Sentry-H[®] order delivered in the first half
 - Sold to a Northern African Defence Ministry for use in national and border security
 - Strong value proposition based on price, ease of use, reliability and field service network

METAL DETECTION

BROADENING PRODUCT RANGE TO GROW BASE BUSINESS



Metal Detection sales



Annual base-level sales \$85 million - \$95 million

- Periods of strong demand in Africa can push sales above this level

Recreational:

- EQUINOX® release redefines recreational detecting
- World's best coin & treasure technology

Gold Mining:

- Continuing strong demand for gold detectors in Africa
- Changing sales mix – selling more SDC 2300® and Gold Monster®
- Reducing dependence on GPZ 7000®
- Expanding geographic footprint

Countermine:

- Progressing dual-sensor development, on track for release in FY19
- Significant sale of F3 Compact™ mine detectors to military customer

- **NEW Multi-IQ** technology
 - Simultaneous multi-frequency
 - Adaptable for all target types and ground conditions
 - Obsoletes all single frequency VLF detectors
- Mid-range coin & treasure detector
 - Waterproof
 - Wireless audio
 - Lightweight
 - Easy set-up
 - RRP \$649 - \$899 USD
- Strong order book
- First shipments February 2018



EQUINOX Series

Multi-IQ

Simultaneous Multi-Frequency Technology

METAL DETECTION

WORLD'S BEST COIN & TREASURE TECHNOLOGY



Recreational Detectors



GO*FIND
SERIES

X-TERRA
Series

EQUINOX
Series

Safari

EXCALIBUR II

E-TRAC

CTX 3030

RRP \$149 - \$249 USD \$259 - \$499 USD \$649 - \$899 USD \$999 USD \$1499 USD \$1549 USD \$2499 USD

hobbyist

—

enthusiast

—

specialist

—

expert

METAL DETECTION

CHALLENGING COMPETITORS AT LOWER PRICE POINTS



Gold Detectors



الذهب ١٠٠٠
GOLD MONSTER 1000

RRP

\$799 USD

entry

—



SDC 2300

\$3750 USD

mid range



GPX Series

\$2699 - \$3999 USD

—



GP 7000

\$7999 USD

professional

TRACKING SOLUTIONS

PROVEN, WORLD LEADING TECHNOLOGY

MINETEC™
STOP WORKING IN THE DARK



**Tracking people and
assets in real time**



**Eliminating bottlenecks
to increase output**



**Highly accurate
awareness and alerts**

Delivered in the half:

- Signed Development and Marketing Agreement with Caterpillar Inc.
 - Joint collaboration to integrate Minetec's solution into Caterpillar's MineStar offering
 - Distribution through Caterpillar's global network – 172 dealers across 190 countries
- Selected as preferred vendor to supply underground Fleet Management System at a significant Australian underground mine
- Secured first operational deployment of SafeDetect proximity detection system at open-pit mines in Sweden and Finland
- Growing pipeline of opportunities
- Positioned for profitable growth, targeting \$30 million business by 2020

DEFENCE ELECTRONICS

BUILDING THE SALES OPPORTUNITIES PIPELINE

Prime Contractors



BAE SYSTEMS



Technologies



Projects



- Leveraging defence capability in design and support of complex systems
- Australian partner for Defence Primes, as required by Defence Industry Policy



Financial results

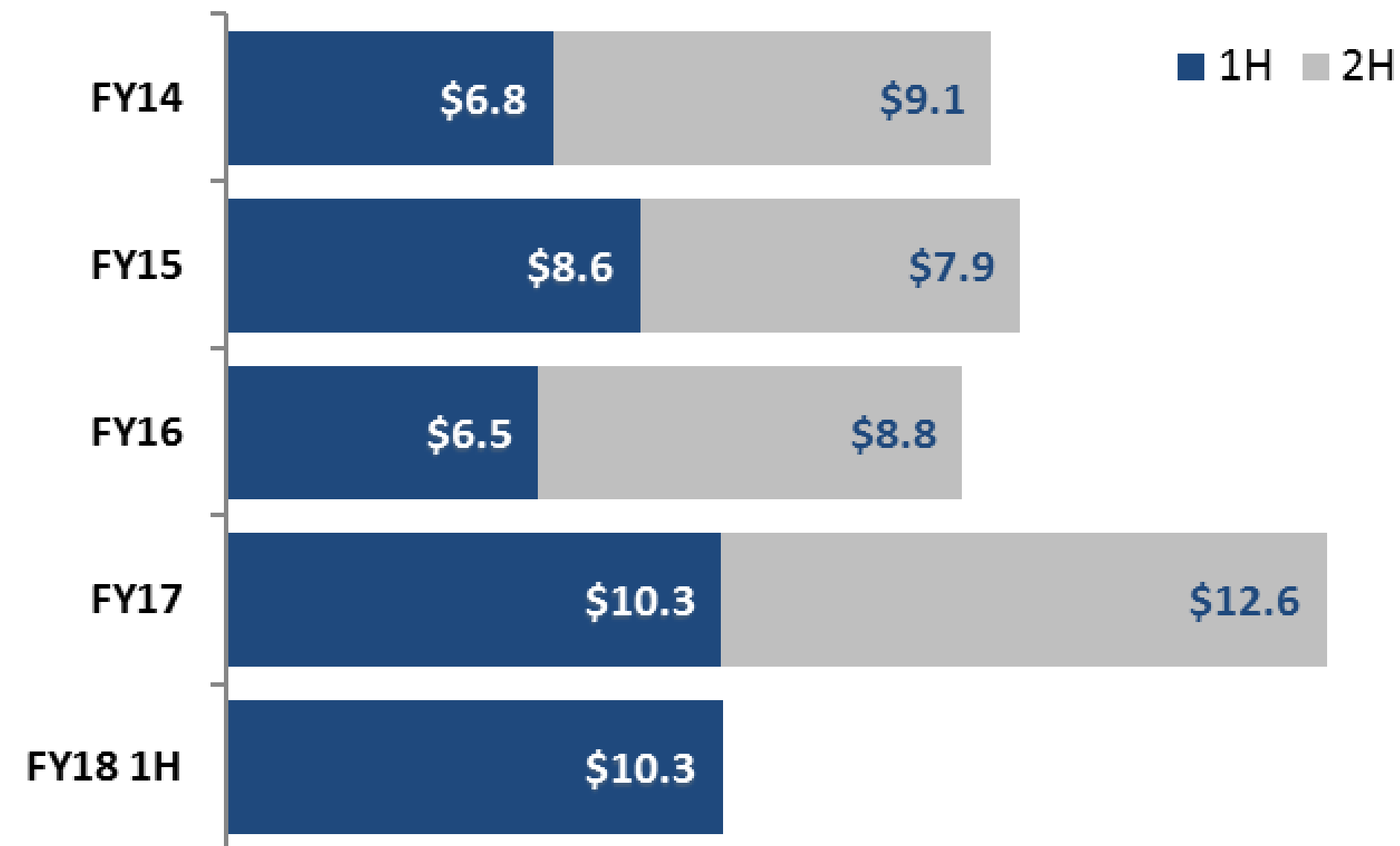
STRONG FIRST HALF

Underlying business performance	Half Year Dec 15	Half Year Dec 16	Half Year Dec 17
	\$m	\$m	\$m
Revenue	\$65.0	\$103.9	\$94.7
<i>Underlying business performance</i>			
EBITDA	\$14.7	\$37.1	\$27.4
EBIT	\$9.0	\$30.3	\$20.9
Net interest	(\$0.8)	(\$0.5)	(\$0.2)
Net profit before tax	\$8.2	\$29.8	\$20.7
Underlying net profit after tax	\$7.0	\$22.2	\$15.8
Statutory net profit after tax	\$6.1	\$22.2	\$15.8
<i>EBITDA margin</i>	23%	36%	29%
<i>NPAT margin</i>	11%	21%	17%

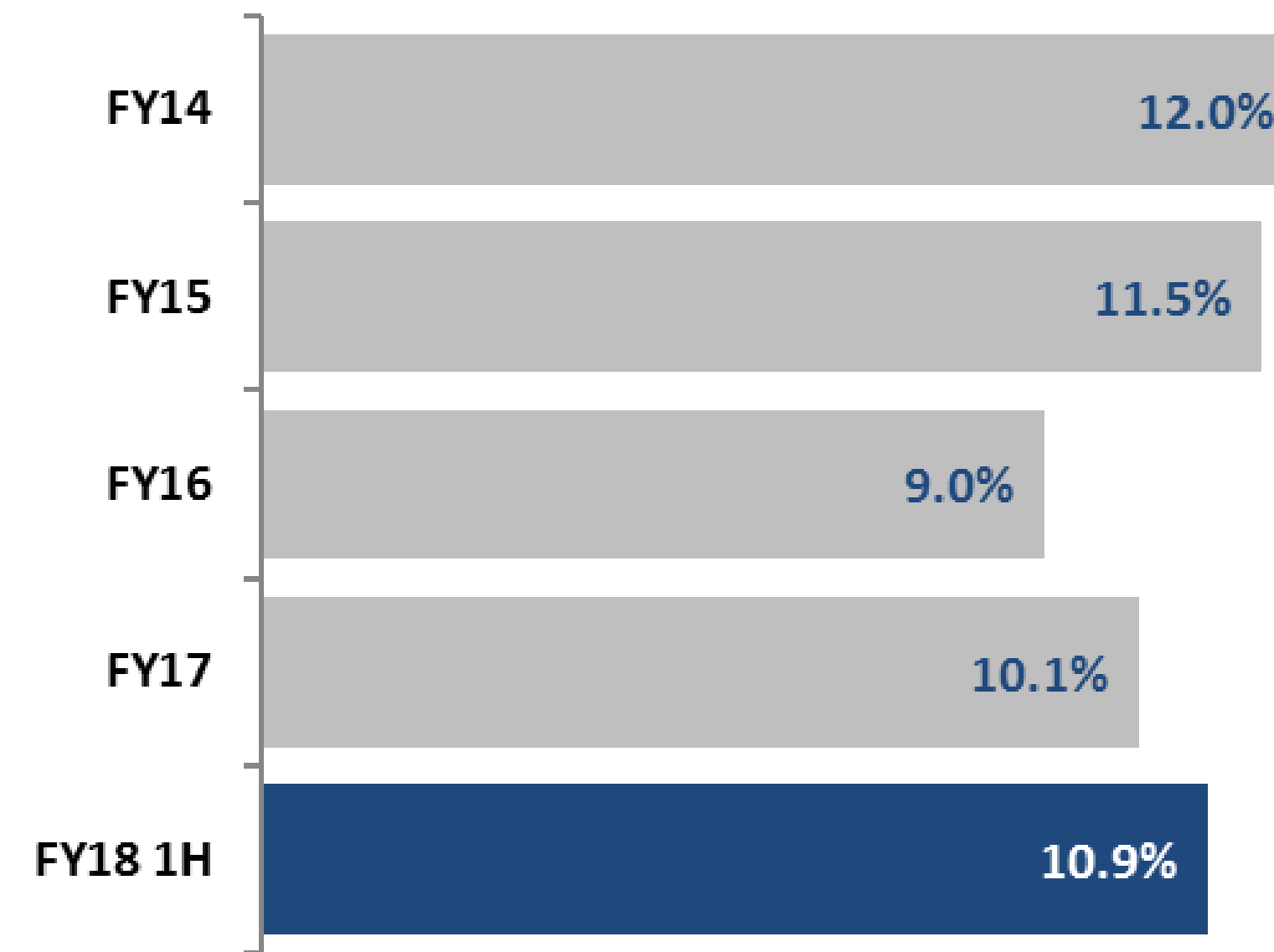
- Profit margins lower due to lower sales volumes for Radio Communications and a change in sales mix for Minelab
- Selling more SDC 2300[®] and Gold Monster[®] machines into Africa
- Operating expenses broadly in line with prior year

ENGINEERING INVESTMENT

Engineering spend (\$m)



Engineering spend (% sales)



- FY18 projects on track, investing across all 3 divisions
- Engineering investment drives future growth
- Fundamental to our strategy of growing the base business

BALANCE SHEET

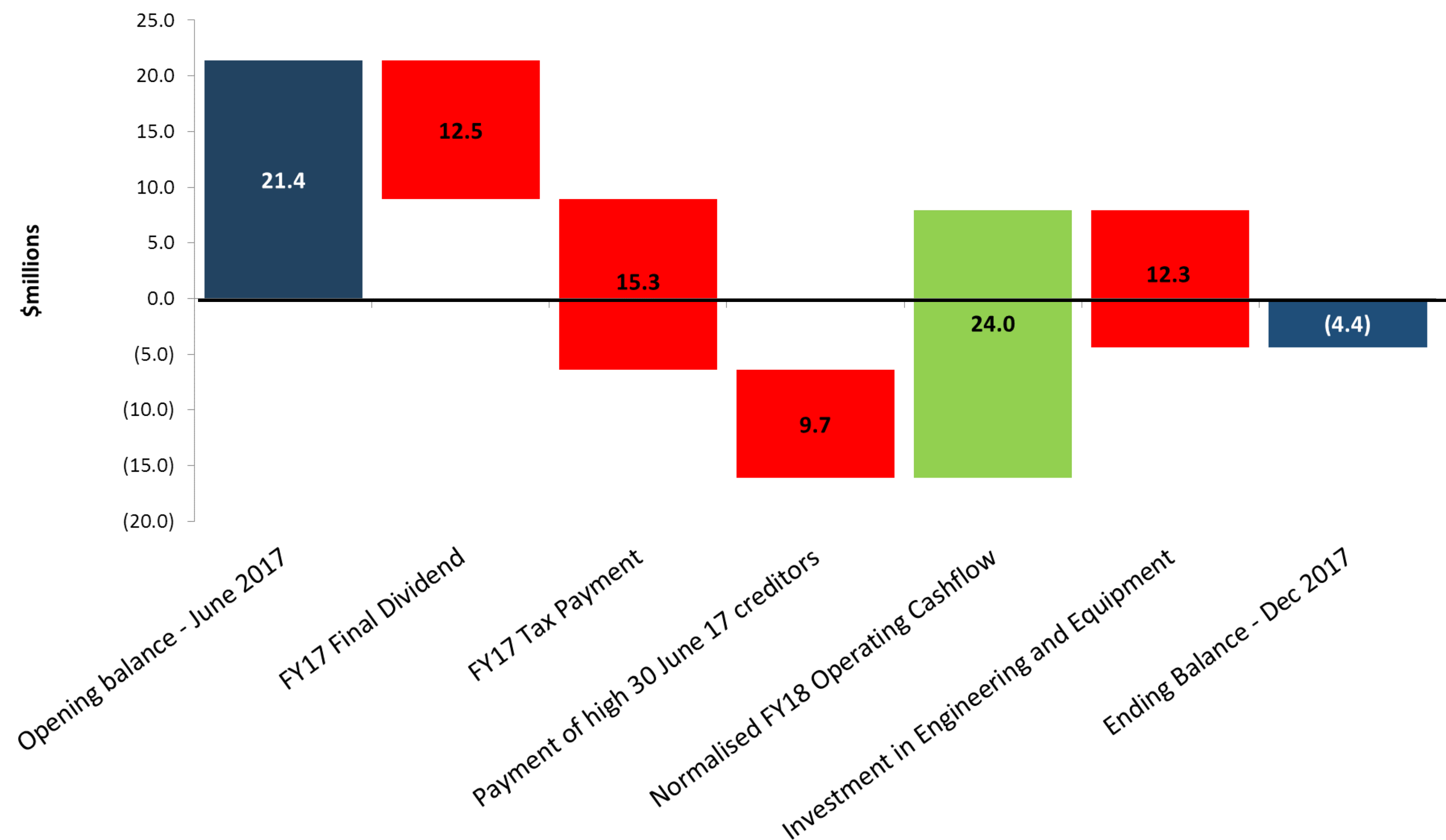
Strong balance sheet continues

- Small \$4.4 million net debt position
- Investment in inventory to support product launches
- Unutilised bank facility available for strategic initiatives

	Dec-16	Jun-17	Dec-17
	\$m	\$m	\$m
Receivables	15.5	20.6	20.5
Inventories	33.7	31.0	34.5
Payables	(28.1)	(36.6)	(26.9)
Total working capital	21.2	15.0	28.0
Property, plant & equipment	16.1	15.7	16.5
Product development	50.0	54.2	58.8
Intangible assets	87.2	86.2	86.6
Other assets	1.7	3.5	3.6
Other liabilities	(22.4)	(31.1)	(20.0)
Net assets before debt	153.8	143.6	173.5
Net cash (debt)	0.4	21.4	(4.4)
Net assets	154.2	165.0	169.1

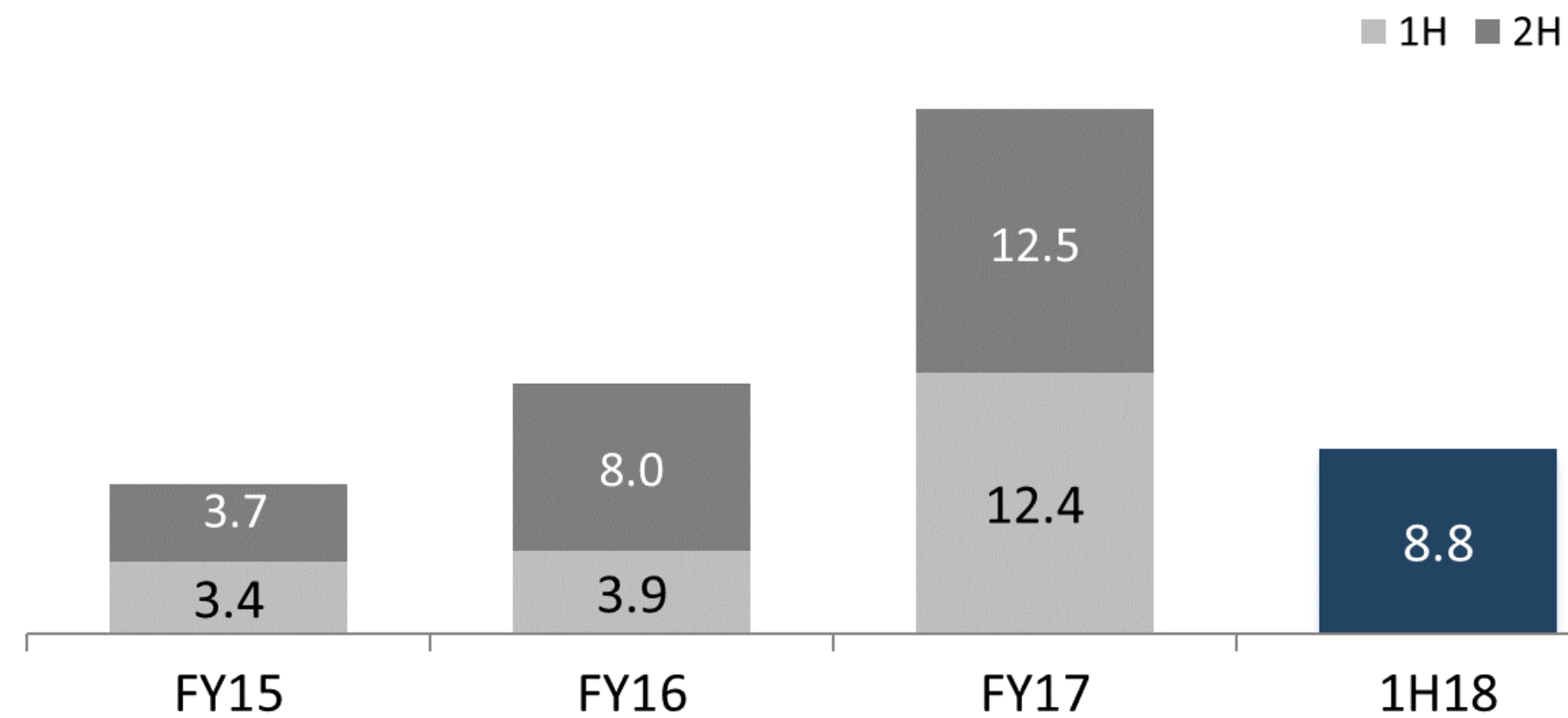
CHANGE IN NET CASH (DEBT) POSITION

- Large catch up for FY17 tax payment
- Tax instalments normalised going forward
- Ended FY17 with high creditors, resulting in negative working capital movement in FY18
- Net positive cash balance today

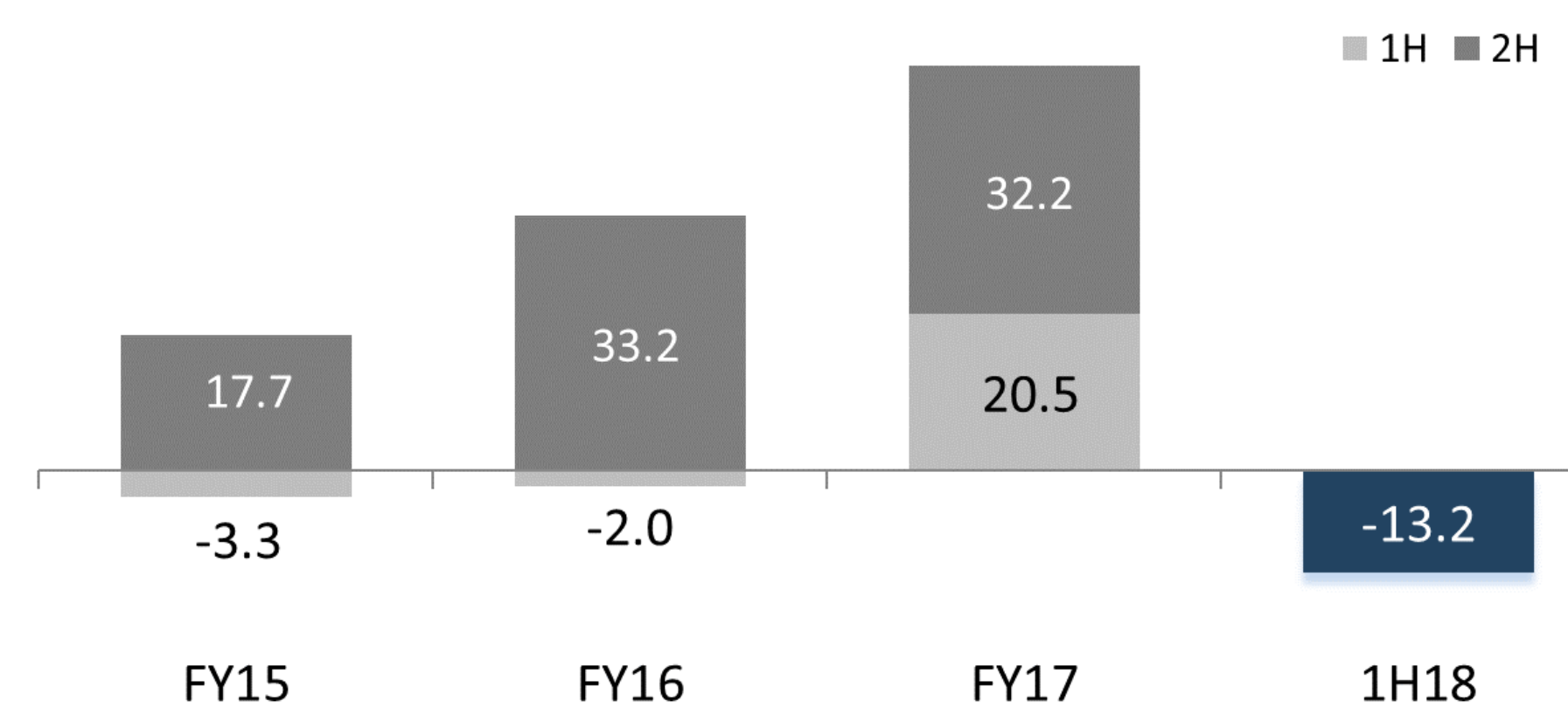


KEY RATIOS

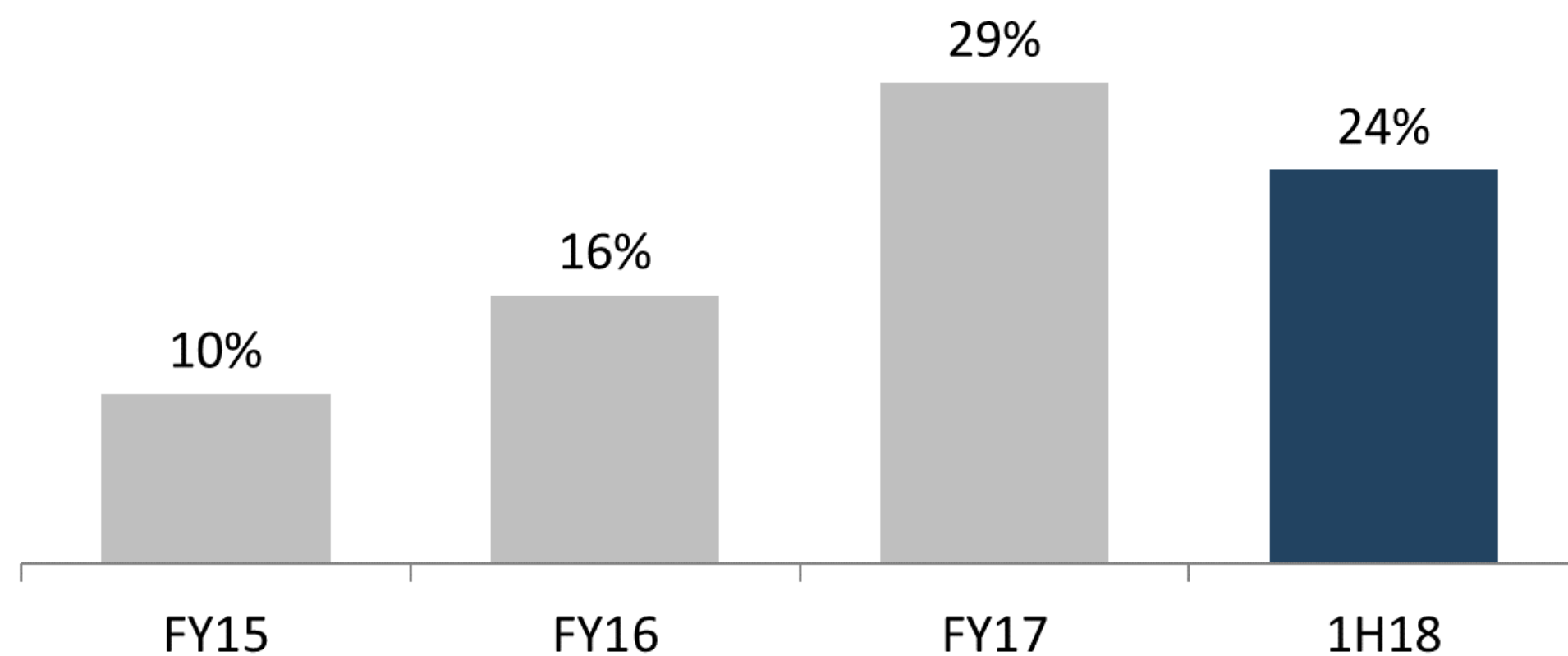
Underlying earnings per share (cents)



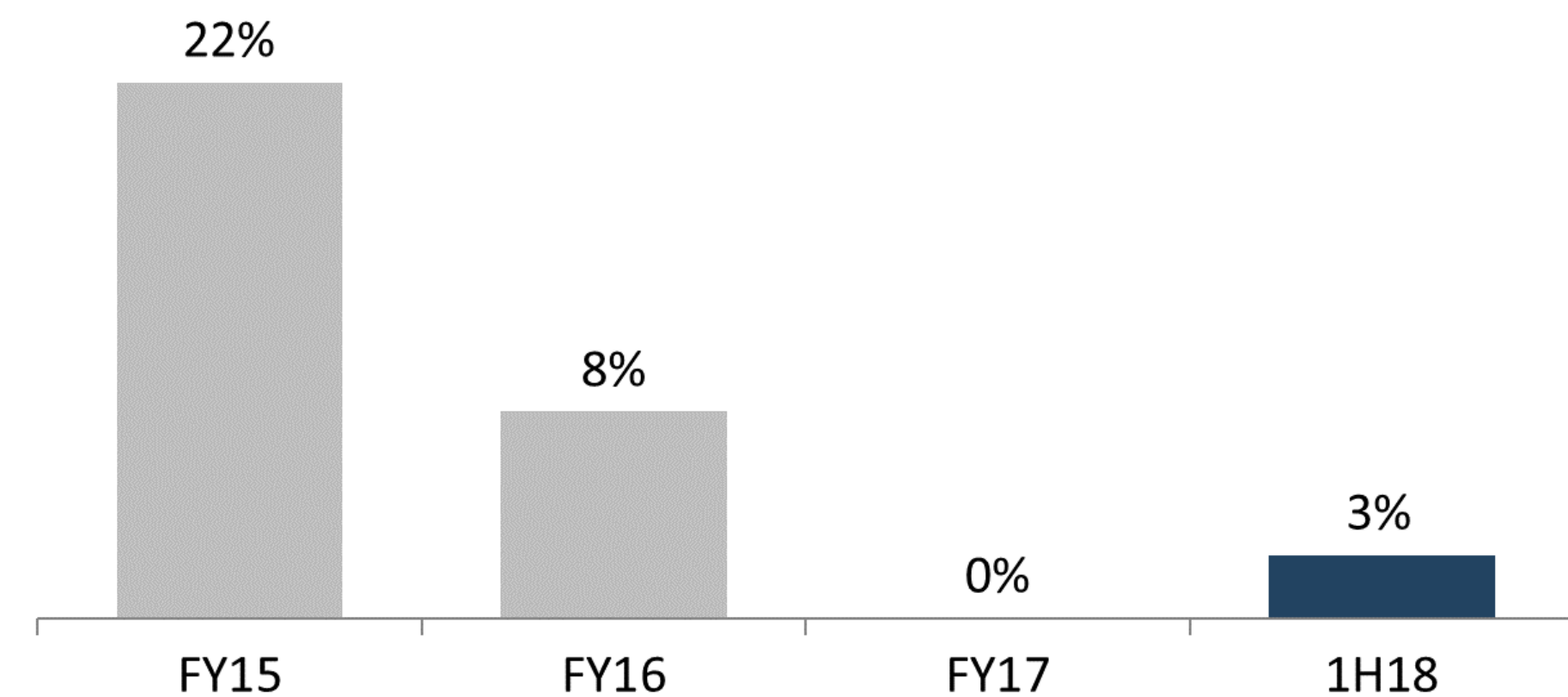
Free cash flow (\$m)²



Return on equity (%)¹



Gearing (%)³



¹Return on equity calculated as annualised underlying net profit after tax divided by total equity

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

³Gearing = net debt / net debt plus equity, net debt position of \$4 million as at 31 December 2017

OUTLOOK FY18

- First-half results exceeded base-level profitability
- Expecting Radio Communications to have a stronger second half and deliver FY18 sales in the range of \$65 million to \$75 million
- Minelab will benefit from EQUINOX[®] product launch and favourable seasonality factors in the second half
- Minetec will deliver a stronger second half
- Expect to exceed base-level NPAT (\$25 million) for the full year, but difficult to forecast by how much
- Further updates will be provided when appropriate