

19 August 2021

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

Dear Sir/Madam

**FY21 full-year investor presentation**

Please find attached a copy of Codan Limited's investor presentation dated 19 August 2021 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



**FY21 FULL YEAR  
RESULTS AND UPDATE**



# IMPORTANT NOTICE AND DISCLAIMER

## Disclaimer

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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](http://www.asx.com.au).

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

# FY21 FULL YEAR SUMMARY

- Highest full-year sales in the company's history
- Record statutory net profit after tax of \$90.2 million, an increase of 41%
- Underlying net profit after tax of \$97.3 million, an increase of 52%
- Underlying Earnings per share of 54.0 cents, up 52%
- Return on equity of 36%
- Excellent cash generation, close to zero net debt after funding circa \$174 million for acquisitions

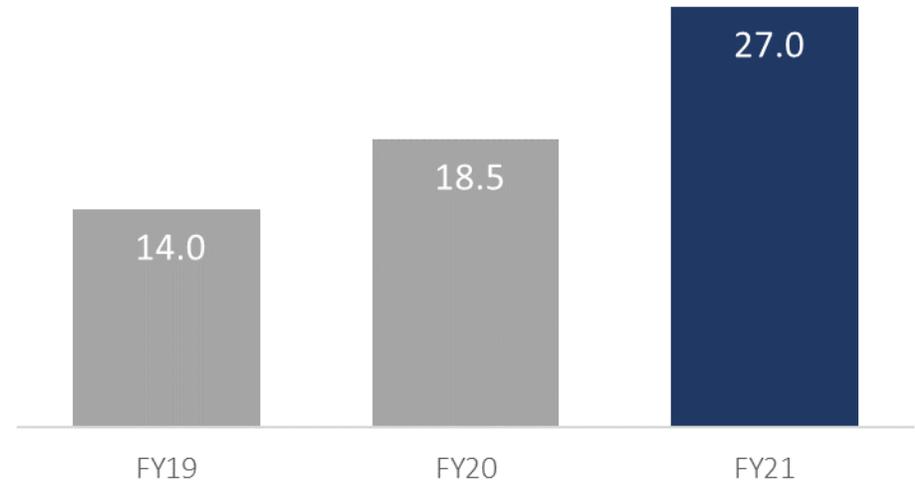


# INCREASED DIVIDEND

Final dividend 16.5 cents

- Final dividend 16.5 cents per share
- Full year dividend 27.0 cents (Interim: 10.5 cents)
- Increasing dividends reflect strength of business
- Interim dividend will be paid:
  - Record date 26 August 2021
  - Payment date 10 September 2021

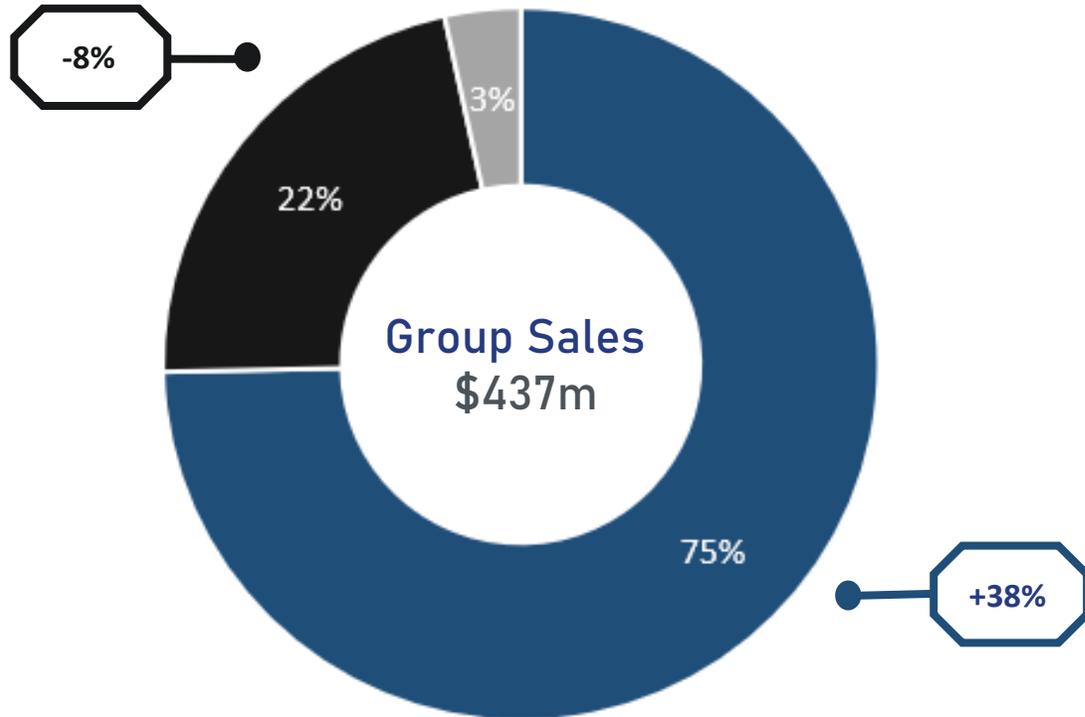
Full Year Dividend (Cents)



**“The board expects to continue its policy of paying shareholders in the order of 50% of our full year profits as dividends”**

# FY21 FULL YEAR GROUP SALES

A strong year for Codan

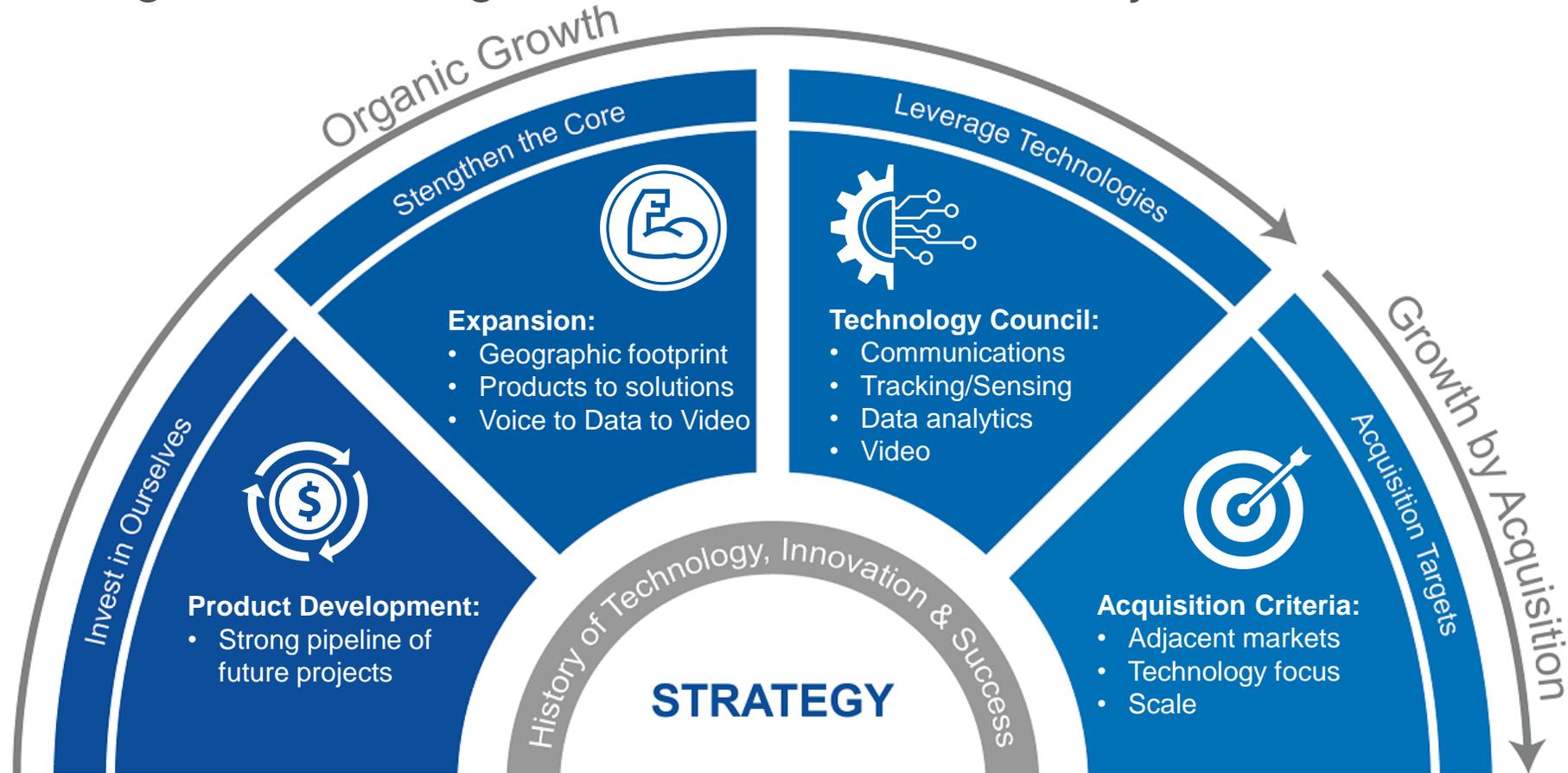


- Metal Detection
- Communications
- Tracking Solutions

- 26% increase in sales over FY20
- Metal Detection sales growth 38%:
  - Growth in Recreational (42%), Gold Mining (37%) and Countermining (34%)
  - Increased distribution into big box retailers
- Communications sales reduced by 8%:
  - As previously reported Tactical Communications business impacted by COVID-19
  - Another record year achieved in LMR
  - DTC and Zetron acquired to strengthen Communications
- Divestment of Tracking Solutions (Minetec)

# STRATEGIC GROWTH PLAN

Transforming lives through innovation, wherever you are



# FY21 STRATEGIC ACHIEVEMENTS



Invest in Ourselves



Invested in excess of \$30 million in product development;  
~30% of employees are engineers



Strengthen the Core



Added video, command and control technologies;  
Established Mexico office



Leverage  
Technologies



Continue to explore opportunities to further develop  
and deploy Codan's technologies



Acquisition Targets



Acquired DTC and Zetron

# CODAN LIMITED OVERVIEW

Innovation wherever you are

 **150+** Sell to over 150 countries around the world

 **700+** employees around the world

**10** sites across the globe:



AUSTRALIA



BRAZIL



CANADA



DENMARK



IRELAND



MEXICO



SINGAPORE



UAE



UK



USA

The Codan group consists of the following brands:

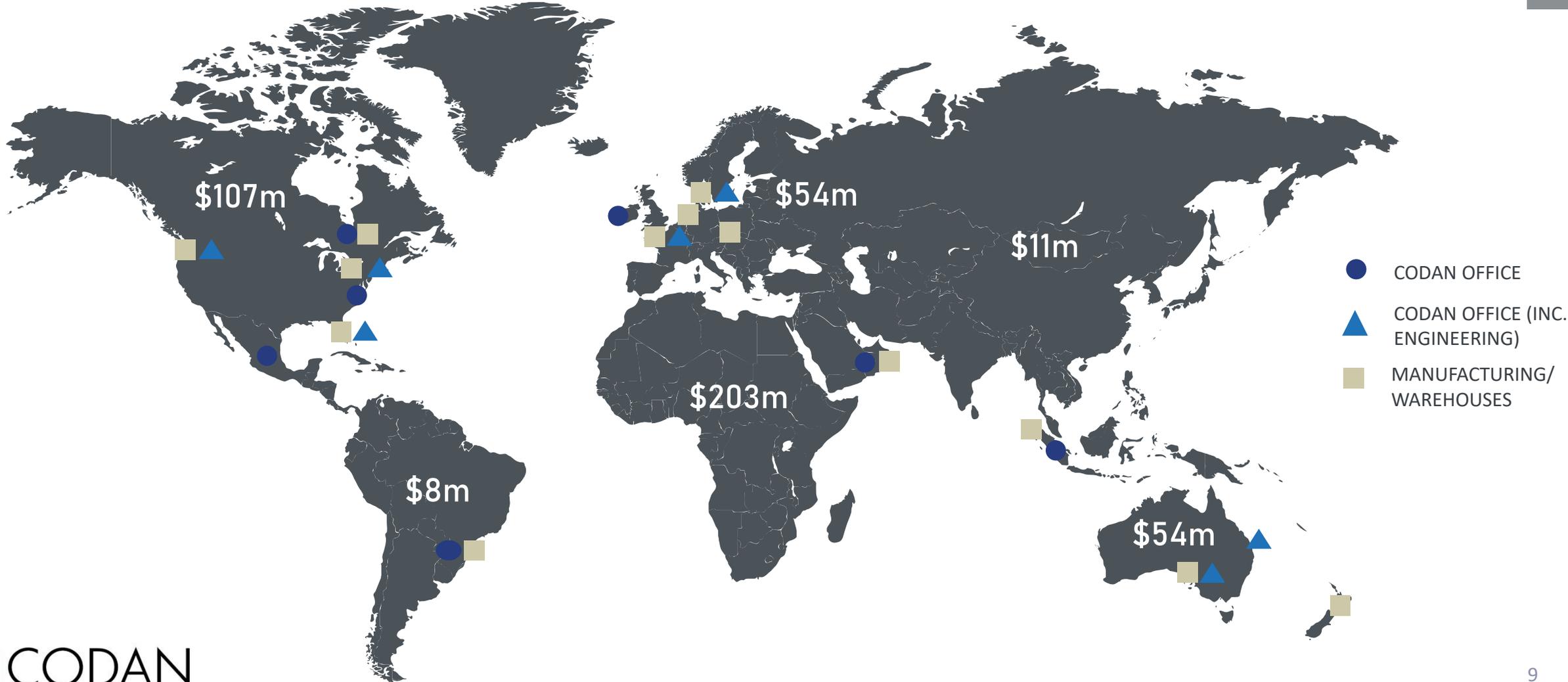


**CODAN**  
COMMUNICATIONS

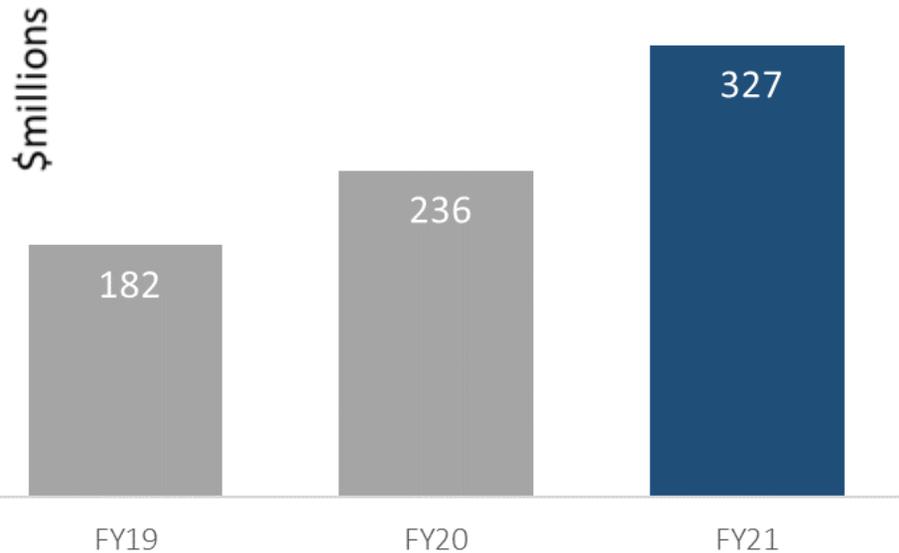


# FY21 GLOBAL FOOTPRINT

Customers in 150 countries, exporting around 85% of sales



## Metal Detection Sales



**Record performance – 38% growth in sales**

**Strong growth across all markets**

### Gold Mining:

- Continuing strong demand in artisanal mining, across all price points
- Gold Monster® is now entry level detector of choice for artisanal miners
- GPX6000® production now reaching targeted levels

### Recreational:

- VANQUISH® coin & treasure detectors exceeded expectations
- Continue geographic and big box retail expansion

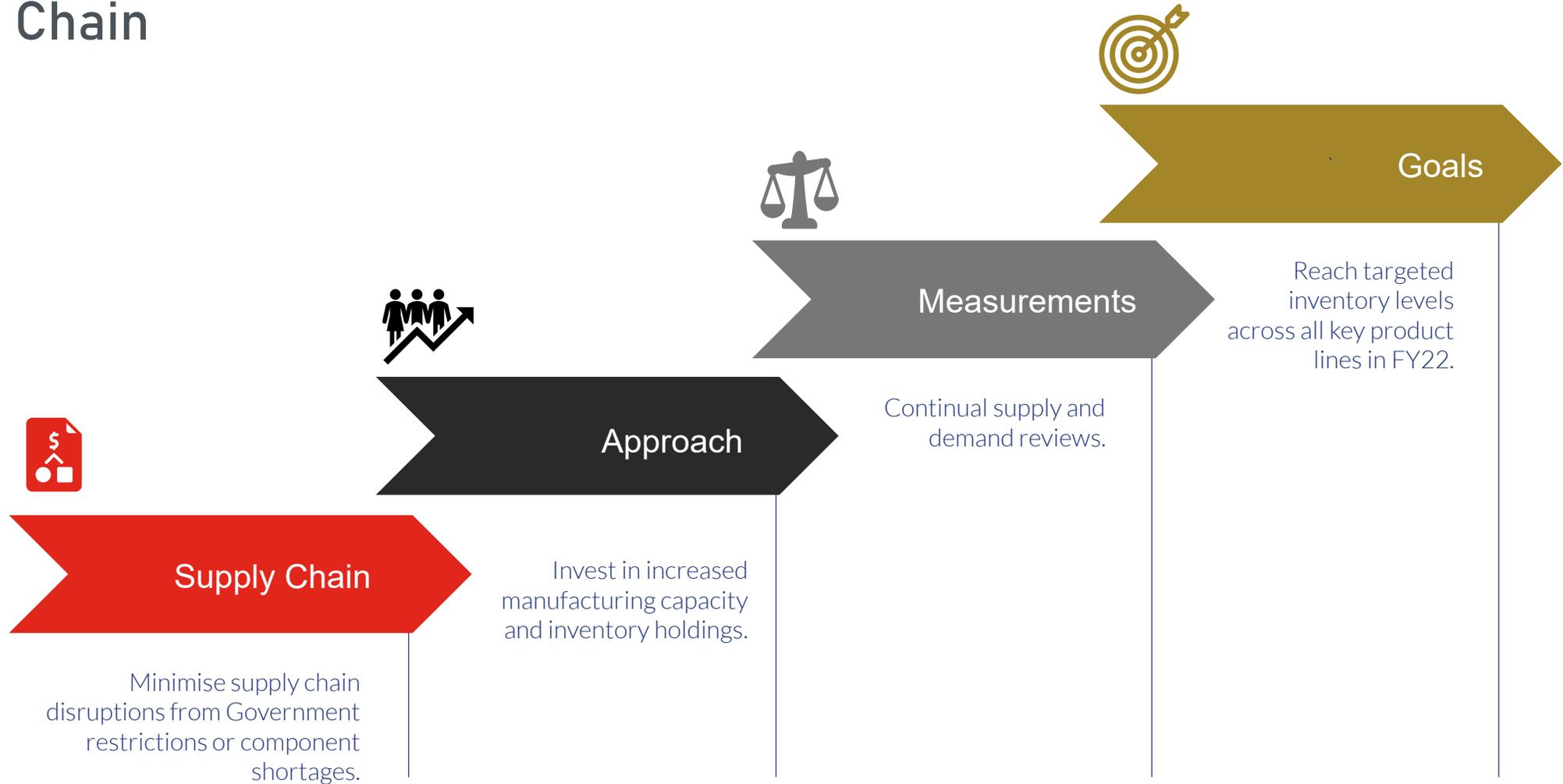
### Countermine:

- 34% increase in sales against FY20
- Released new MF5® single sensor Countermine detector



# METAL DETECTION

## Supply Chain



# GPX 6000™



- High performance
- Easy to use
- Lightweight
- Collapsible
- Waterproof
- RRP USD \$5,999

POWERED BY

**GEO**  
**SENSE-PI™**

# COMMUNICATIONS

Strengthened Communications segment by adding DTC and Zetron into our portfolio

## Tactical Communications:

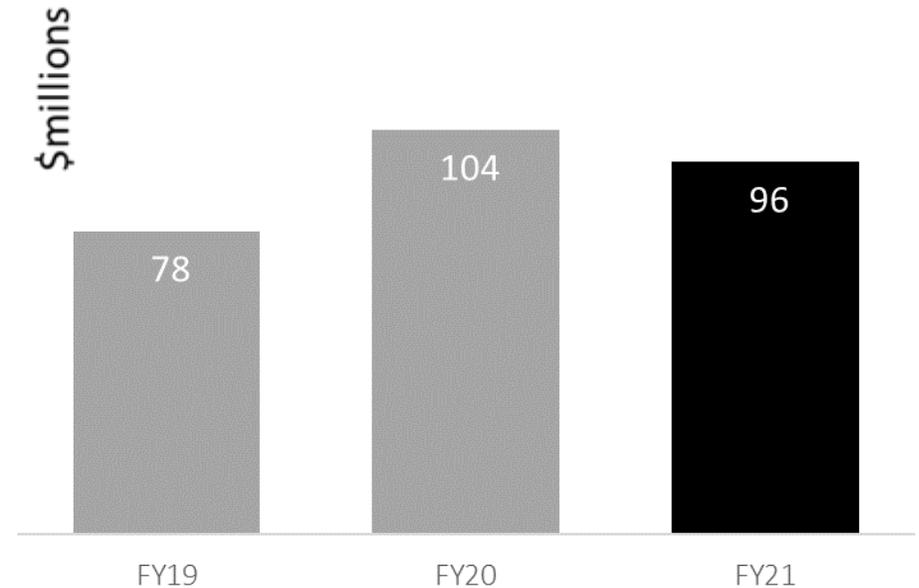
- Business impacted by COVID-19 – Government contract deferrals and travel restrictions
- Delivered our largest ever order of Sentry HF radio units to an African military customer

## Land Mobile Radio (LMR):

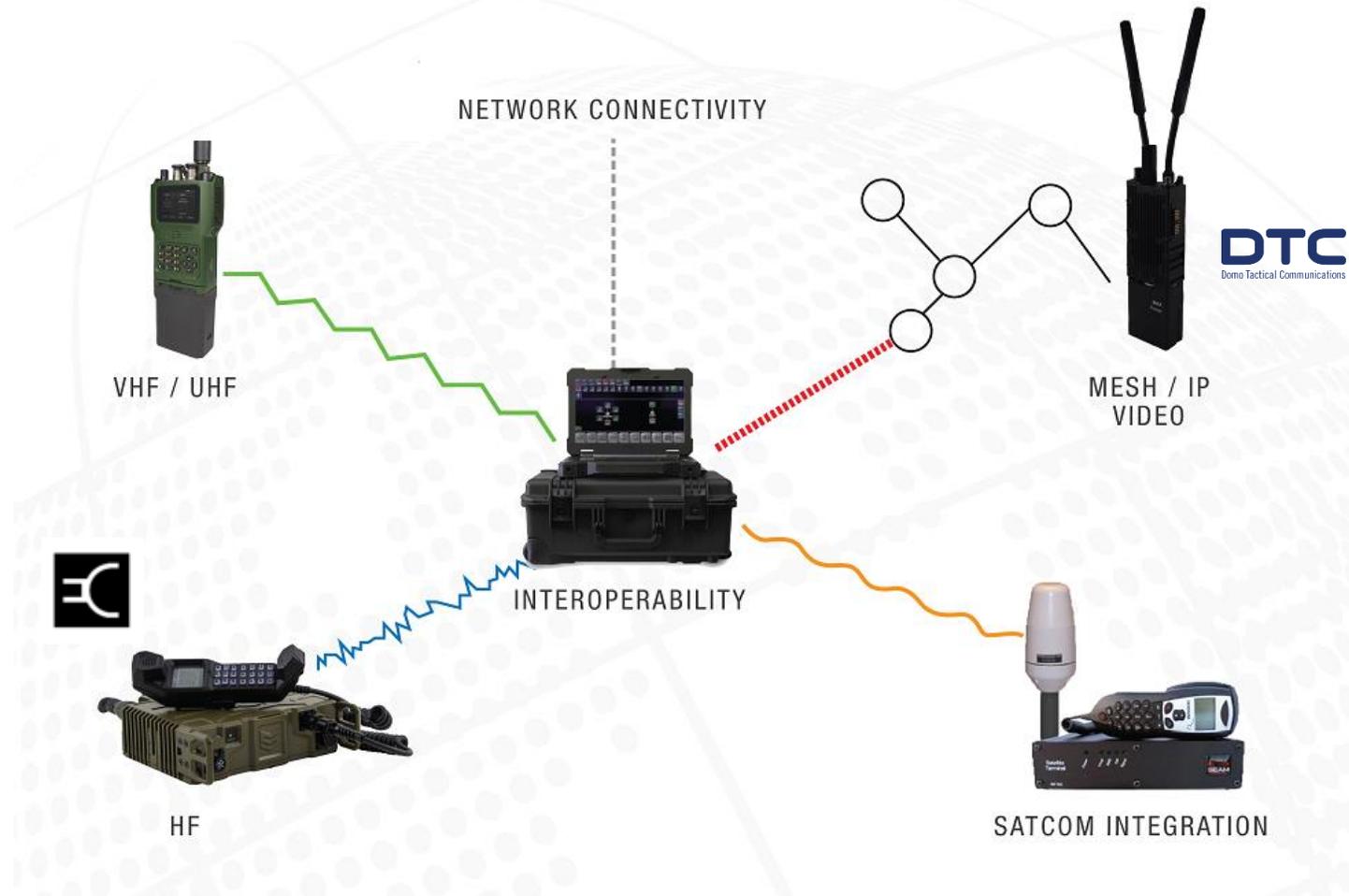
- Another record year delivering multiple systems projects

Integration for both acquisitions proceeding in line with approved plans

Communications Sales



# TACTICAL COMMUNICATIONS



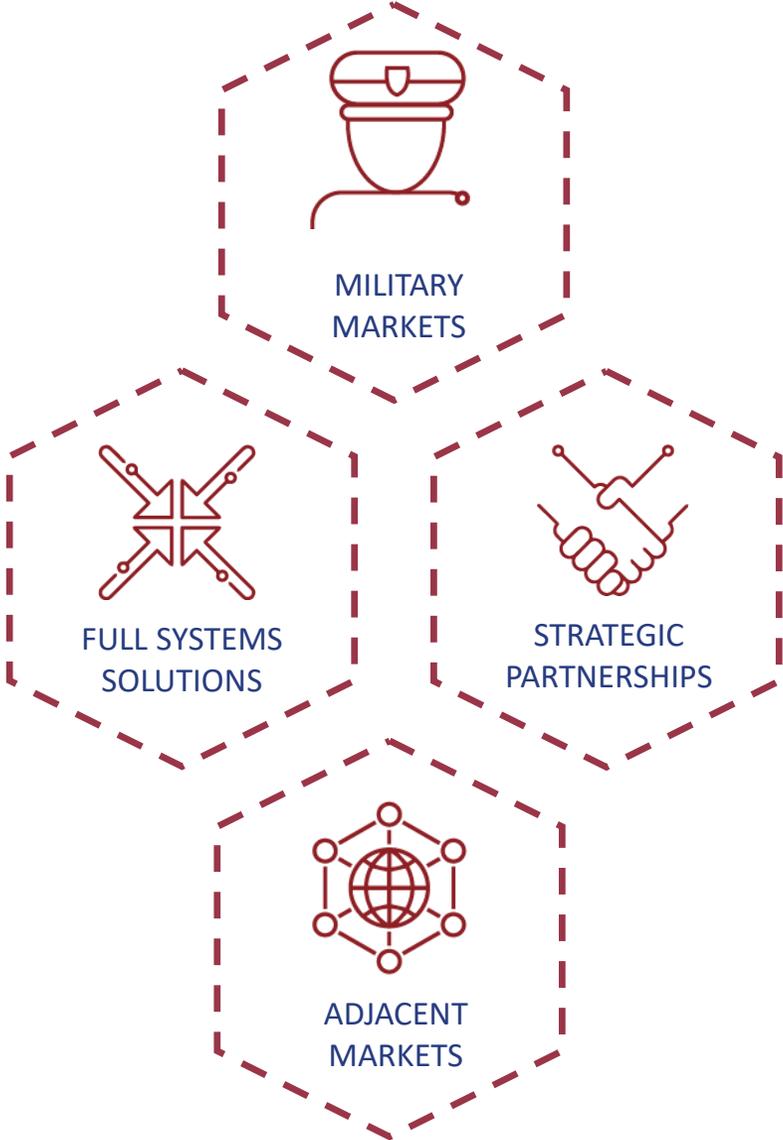
Expanding our voice product offering to video and data driven solutions

# DTC & TACTICAL

## Integration plan

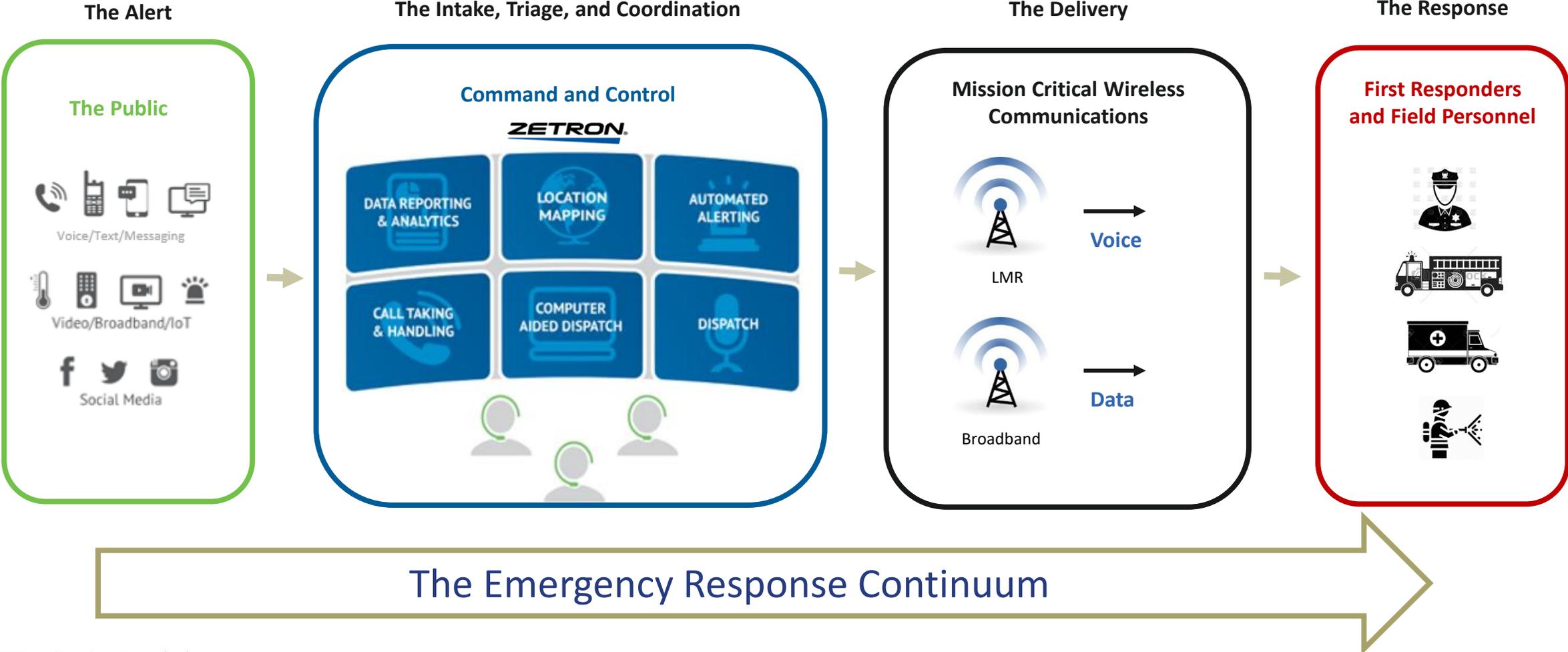


Expecting DTC to deliver FY22 EBITDA \$14 million



# PUBLIC SAFETY COMMUNICATIONS

## Strategic fit of Zetron with LMR



# ZETRON & LMR

## Integration plan



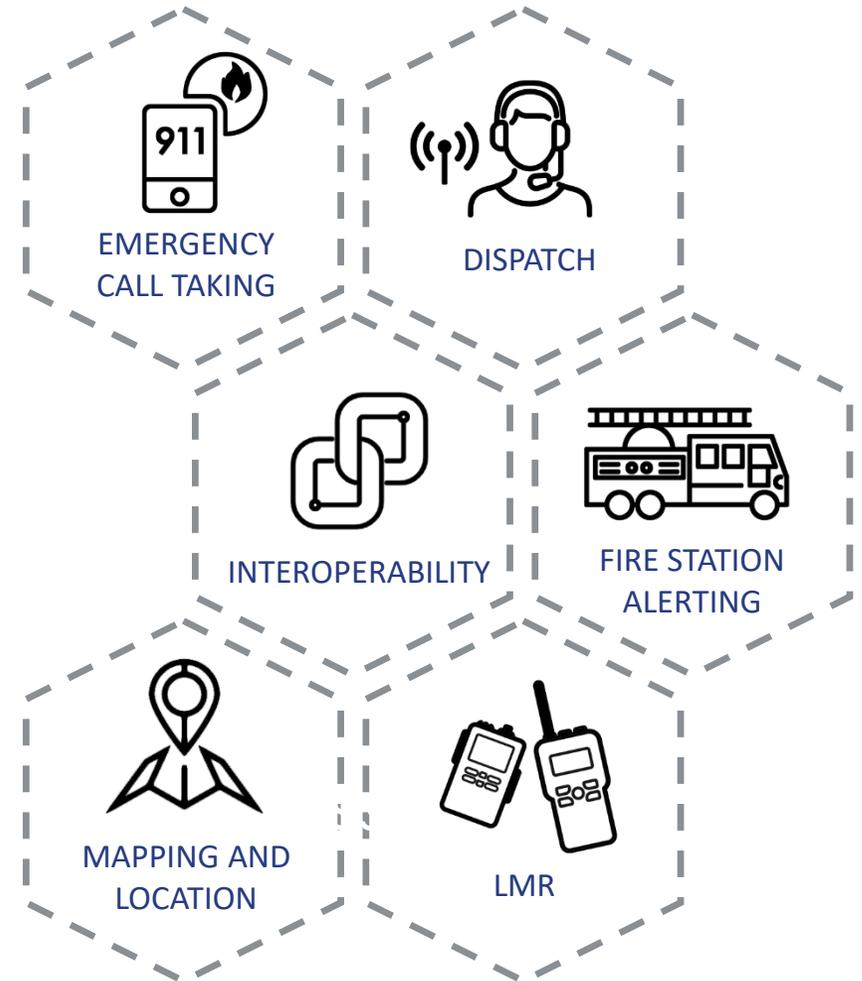
Integrate into one business

Offer full suite of mission critical solutions

Operate under the Zetron brand

Capitalise on Next Generation 911

Expecting Zetron to deliver FY22 EBITDA \$8 million

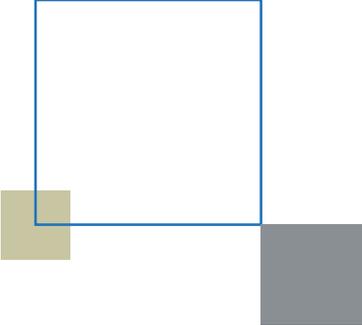




## Sale of Minetec to Caterpillar:

- Sale price \$18 million up-front cash
- 5-year earn out and supply agreement
- Settled 1 July 2021

# FINANCIAL RESULTS

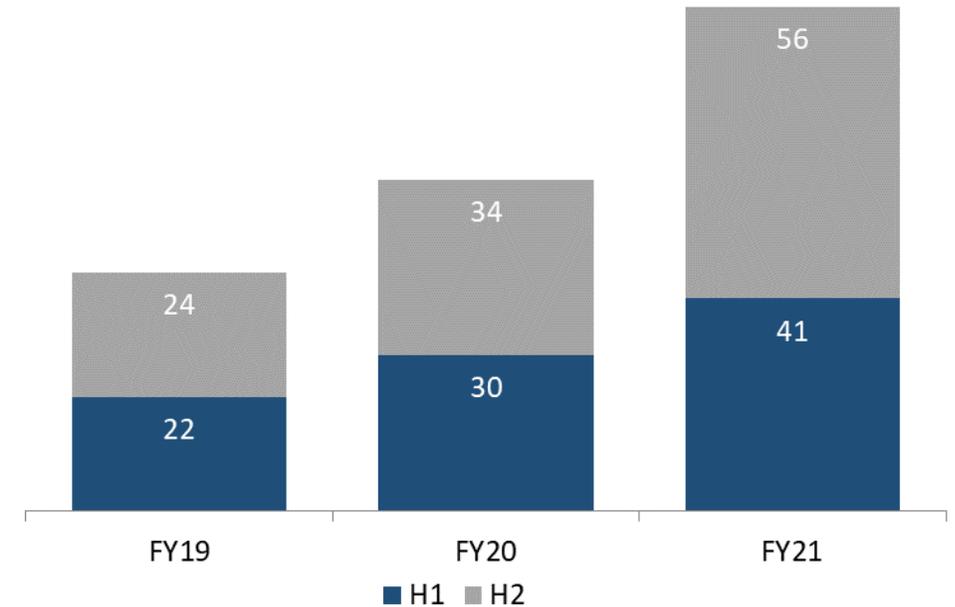


# RECORD FY21 PERFORMANCE

Profit & Loss	FY21	FY20	Change
	\$m	\$m	%
Revenue			
<i>Metal Detection</i>	\$326.5	\$236.4	38%
<i>Communications</i>	\$95.5	\$104.0	-8%
<i>Tracking Solutions</i>	\$15.0	\$7.6	97%
<b>Total Revenue</b>	<b>\$437.0</b>	<b>\$348.0</b>	26%
Underlying EBITDA	\$158.8	\$117.8	35%
Underlying EBIT	\$139.8	\$89.6	56%
Net interest	(\$1.1)	(\$0.6)	
Net profit before tax	\$138.7	\$89.0	56%
<b>Underlying net profit after tax</b>	<b>\$97.3</b>	<b>\$64.0</b>	52%
<b>Statutory net profit after tax</b>	<b>\$90.2</b>	<b>\$64.0</b>	41%

- Record sales and profits, despite strong AUD appreciation
- Strong demand for Metal Detectors across all markets
- Sales growth translated to NPAT, economies of scale
- Investment in manufacturing capacity and inventory to minimise supply disruption and reduce freight costs

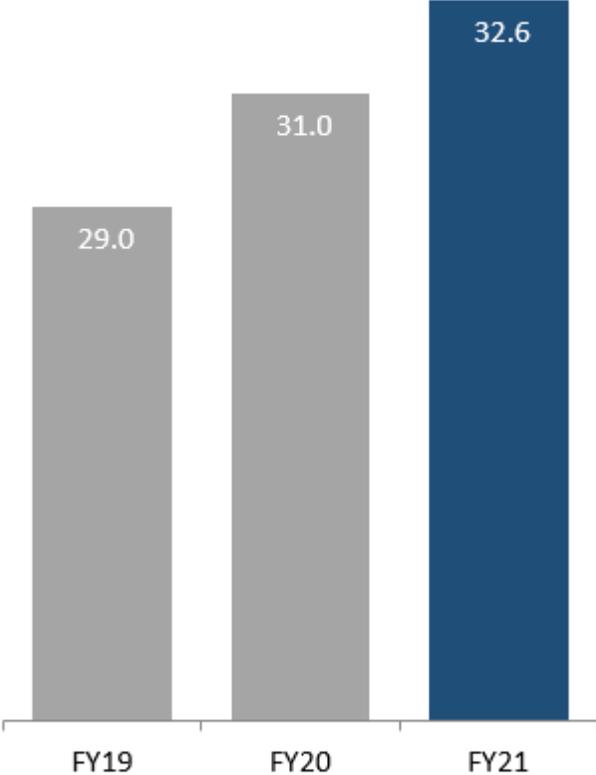
Underlying NPAT (\$m)



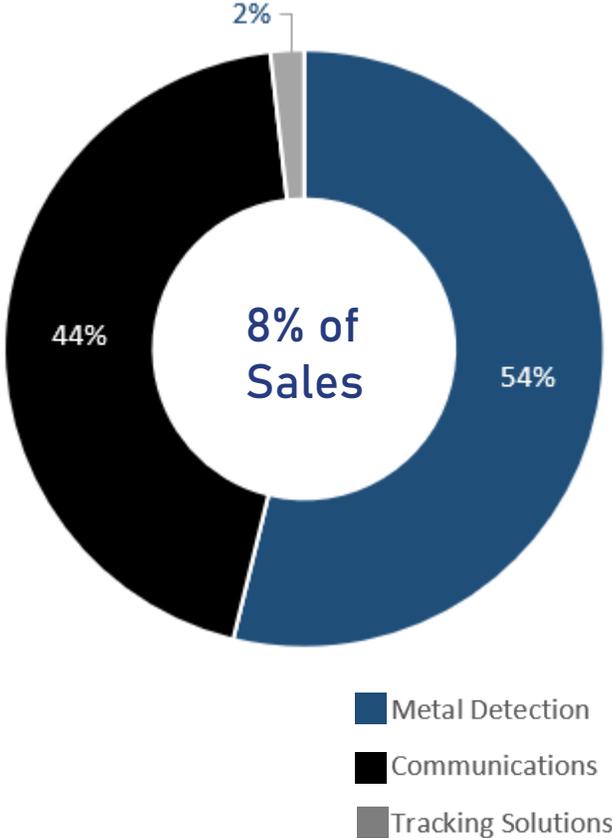
# ENGINEERING INVESTMENT

Strong pipeline of projects

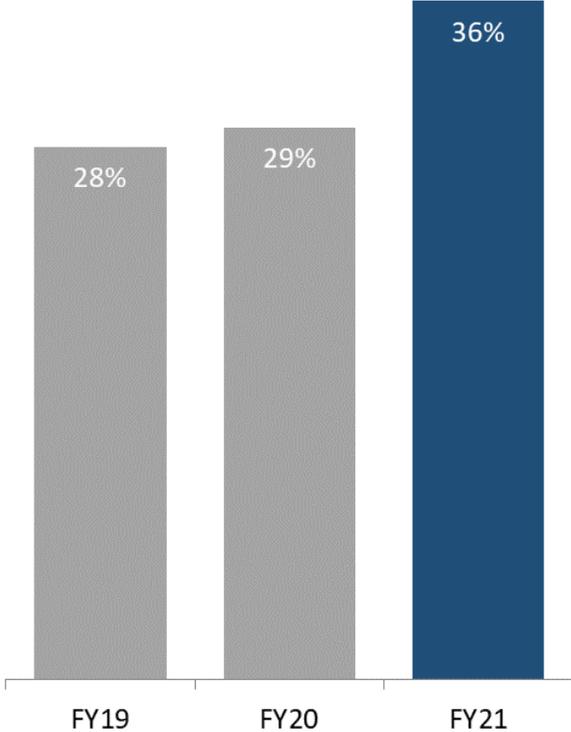
Engineering spend (\$m)



Engineering by Business Unit



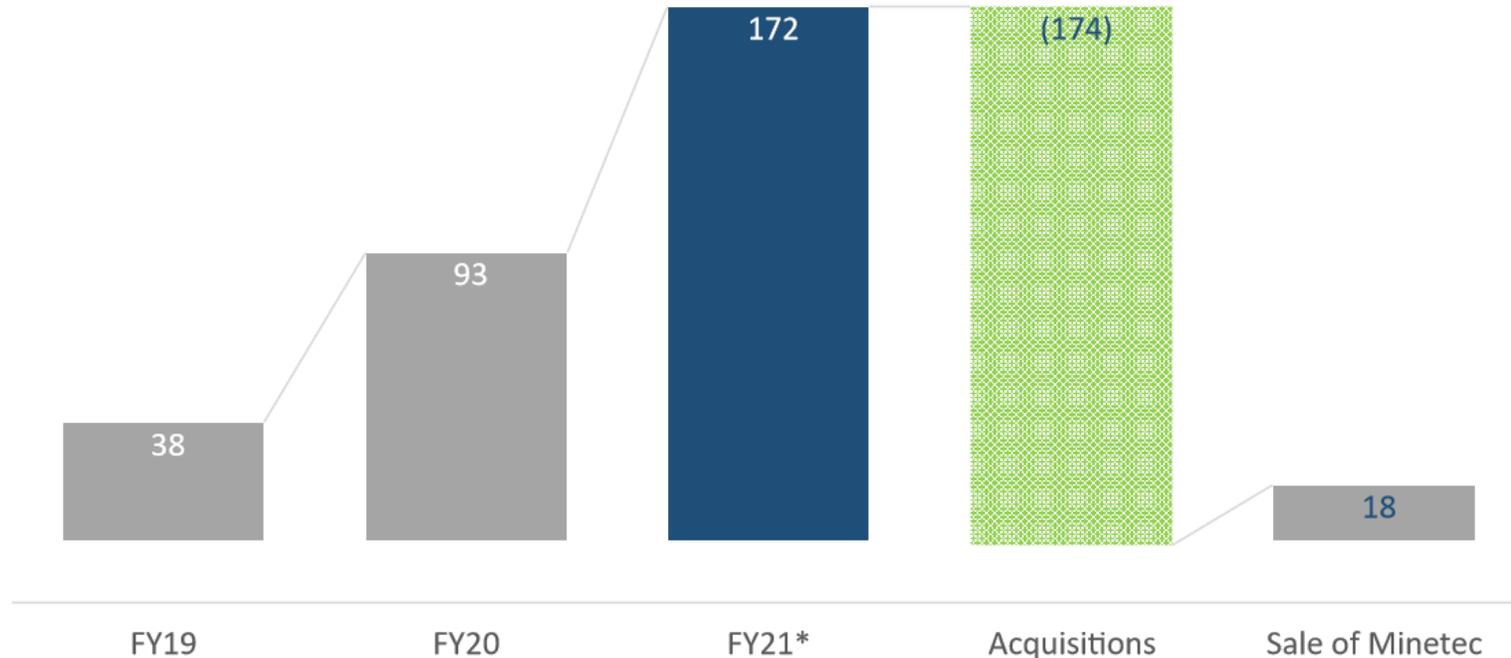
Return on Equity<sup>1</sup>



<sup>1</sup>Return on equity = rolling 12 month net profit after tax divided by average equity

# CASH GENERATION

Net Cash/(Debt) Balance (\$m)



\*Cash position at 30 June 2021 before funding DTC and Zetron acquisition

- Excellent cash generation – close to zero net debt at 30 June after funding \$174m for acquisitions
- Proceeds from Minetec were received 1 July 2021
- Expect further inventory investment in FY22

# FY22 OUTLOOK

## Well positioned for FY22:

- strong start to the year and in line with FY21 run-rate;
- demand for our metal detection products remains strong;
- Minelab will benefit from a full year of GPX6000® sales;
- Communications segment to include a full year of the acquired DTC and Zetron – FY22 will be a year of integration for these two new businesses; and
- uncertainty around Tactical Communications and supply chain due to COVID-19 still exists.

Donald McGurk has advised the Board that it is his intention to retire from his role as Managing Director of Codan sometime within the next 9-12 months. Donald will remain as Managing Director until such time as a successor is appointed to ensure a smooth transition.

**We will update shareholders on FY22 trading at the Company's virtual AGM.**



# Appendix





### RECREATION

Coin & Treasure, Gold Detectors

Key markets — Australia, USA, Europe, Russia

Users:

- Treasure hunters
- Adventurers
- Gold prospectors
- Archaeologists
- Beach & deep-sea detectors



### GOLD MINING

Handheld Gold Detectors

Key markets — Africa, Asia Pacific, Latin America

Users:

- Small-scale artisanal miners
- Gold prospectors



### COUNTERMINE

Landmine Detectors

Market — countries impacted by war — past and present

Users:

- Demining organisations
- Governments
- Defence & security forces

# GOLD PRODUCTS

Products to service all types of prospectors



## GOLD DETECTOR RANGE

NEW RELEASE



والتنين الذهب 1000  
GOLD MONSTER 1000

USD RRP ex tax/shipping

\$899



SDC 2300

\$3299



GPX Series

\$3999



GPX 6000™

\$5999



GPZ 7000

\$7999

ENTRY

-

MID RANGE

-

PROFESSIONAL

# RECREATIONAL PRODUCTS

Expanding MULTI-IQ<sup>®</sup> technology across the range



## RECREATIONAL DETECTOR RANGE



*All Targets, All Soils, All the Time.*



**GO\*FIND**  
series

USD RRP ex tax/shipping

\$99 - \$249

HOBBYIST



**VANQUISH**

\$199 - \$499

ENTHUSIAST



**EQUINOX**  
Series

\$649 - \$899

SPECIALIST



**EXCALIBUR II**

\$1499

EXPERT



**E-TRAC**

\$1549

**CTX**  
3030

\$2499

# DTC PRODUCTS, SOLUTIONS & MARKETS

Diverse Portfolio to Address various Markets

**DTC**

## VIDEO

Audio & Low Latency Video  
Transmission/Receive, Broadcast &  
supporting Surveillance



- Law Enforcement
- TV Broadcast
- Live Sports

**DTC**

## MIMO/MESH

Addresses challenges of increased  
operations with limited available RF  
spectrum



- Tactical Communications  
(US Army, International  
MoDs and DoDs)
- National Security
- Unmanned Systems

**SPECTRONIC**

## SURVEILLANCE

Audio and video capabilities to  
support surveillance operations



- Law Enforcement
- National Security
- Intelligence

**CORP TEN  
INTERNATIONAL**

## COMMAND AND CONTROL

C2 location & associated Meta-data  
collection creating a cohesive  
operational view for the user



- Law Enforcement
- Defence