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**ASX ANNOUNCEMENT
2016 ANNUAL GENERAL MEETING
27 OCTOBER 2016
CHAIRMAN'S ADDRESS TO SHAREHOLDERS**

Good morning ladies and gentlemen and welcome to our splendid new facilities here at Mawson Lakes. I hope that many of you have registered for the tours that we will be conducting at the conclusion of the AGM. If you change your mind and would like to join one of the tours, we can sort that out for you later.

We are very proud of the great products we produce across all of our business units. Later today, we will conduct a draw and three lucky shareholders will be presented with a GO-FIND 60[®], our new consumer detector. Good luck to you all!

When I wrote to you in the Annual Report, I said that we were pleased with our full-year results and that perhaps, more importantly, we were pleased to be able to generate significant free cash flow in a year of accelerated new product development. Right now, Codan is debt free, which gives us the financial flexibility to complete our number-one priority, which is to broaden and enhance our product range so that our addressable markets are significantly increased.

The financial flexibility that is provided by a strong balance sheet means that we can also consider appropriate acquisition opportunities if they emerge; however, our number-one priority remains to invest in our current businesses.

Shortly, Donald will explain in some detail the performance of our operating divisions in FY16 and will share with you some of the plans we have for FY17 and beyond.

For me, the key messages are as follows:

- ⇒ The GPZ 7000[®] top of the range metal detector is the best gold detector on the market and is fast becoming the product of choice in our African markets. We have gone to extreme lengths (at significant cost) to protect our intellectual property on this product. This investment has already been justified.
- ⇒ We have reduced our fixed cost base across the business, and we are much more agile in many disciplines. Cash generation remains top of mind across the company.
- ⇒ The investments we are making in our Radio Communications business are all about broadening our addressable markets and supplementing our traditional High Frequency and Land Mobile Radio products.

- ⇒ We will make a small profit in our Minetec business in FY17, which is good for what is effectively a start up business. The positive in this business is that we are receiving repeat orders for the same suite of products, which validates our value proposition in what is still a very difficult environment in the mining industry.

- ⇒ And finally, we have good product development road maps across all of our businesses, including enhancements to existing products and developments that have the potential to create entirely new revenue opportunities.

At last year's AGM, I said that Codan was likely to disappoint on the downside from time to time and occasionally surprise on the upside. Since then we have taken steps to better balance our product portfolio; however, we need to complete the current accelerated product development projects over the next 12 – 18 months so that we can achieve our end goal of reducing our earnings volatility.

With nearly four months of FY17 completed, I can confirm that we will be well ahead of last year for the same six months to 31st December 2016, however it is still too early to forecast our full-year results. That said, our objective is to improve on the results achieved in FY16.

Please now welcome your Managing Director, Donald McGurk, who will talk in some detail about the performance of our businesses in FY16 and share with you some of our initiatives in FY17.

Thank you for your interest in Codan.

David Simmons
Chairman

CHIEF EXECUTIVE OFFICER'S ADDRESS TO SHAREHOLDERS

Good morning and, again, welcome to our new facility. I would like to expand and build on David's comments, and update you on the progress made in each of our three businesses and talk more about our plans for the future.

FY16 was a good year for your company; we successfully launched the new GPZ 7000® gold detector into Africa, produced our best result in Radio Communications for seven years and gained momentum in our Minetec tracking business.

I spoke last year about putting in place the foundations to reduce earnings volatility and generate levels of profitability that provide our shareholders with an acceptable return on their investment, and I am pleased to say that we continue to make progress in that area.

Product excellence remains at the core of our strategy, underpinned by the development of our own intellectual property. We seek to continually improve and broaden our offerings to the market and ensure that our value propositions remain relevant, well communicated and leading-edge.

Radio Communications had an excellent year, primarily driven by the success of our Land Mobile Radio business in Canada and the award of a number of large High Frequency Radio projects for the Middle East and Africa.

We continue to invest for the future and have just released our new Sentry™ range of High Frequency (HF) and tactical VHF radios, which are aimed at penetrating larger adjacent markets such as the developing world Military.

In addition to that, we are over two years into a three-year development programme to completely renew our Land Mobile Radio product suite, which will provide a broader product offering for our customers and drive sales growth for Radio Communications over the next few years. The full suite of products will be released to the market during FY18.

We have also started to upskill and expand our sales and global distribution network to ensure that we maximise the market uptake of these new product solutions in our Radio business.

Turning to our Metal Detection business, we are particularly pleased with the success of the new GPZ 7000® gold detector and, more specifically, how well it has been accepted by our customers in Africa.

We have learnt a number of lessons during the past three years and believe that the right steps have been taken to maximise our impact in the market and protect our intellectual property. You will remember that back in FY13 we enjoyed a high level of gold detector sales through our world-leading GPX® platform, selling thousands of machines every month into Africa to meet the demand sparked by gold rushes.

At least three things are different to that time, which gives us cause to be more optimistic that the results achieved last year are more sustainable than they have been in the past.

Firstly, we have established our own retail and distribution centre in Dubai, which has brought us closer to a broader range of our customers and in turn given us more information on the market. The customer insights and market knowledge gained by travelling in-country on numerous occasions

have enabled us to provide a better service to our customers and helped inform the design of our next-generation products.

Secondly, we have taken critical steps to protect the design and intellectual property of the GPZ 7000®.

And finally, due to the superior performance of the GPZ® detector, we are driving a replacement market in countries like Sudan and Guinea, where we have previously sold thousands of GPX® detectors. The fact that we are up-selling existing customers and not relying on gold rushes has provided more stability to our monthly sales, and this, coupled with the fact that the GPZ® is selling at a higher price-point, means that we have been able to achieve our sales and profit targets on lower volumes.

Minelab has received \$6.7m in government funding to fast-track research and development of our next generation dual-sensing countermine detector, which incorporates metal detection with ground penetrating radar.

This development is expected to take 20 months and will result in Minelab having the world's best dual-sensing detector to help international governments clear landmines and return displaced people to their homeland.

Our Minelab business has achieved revenues in the range of \$70m to \$100m during the past three years, and we believe that our base underlying business, defined as the consumer markets in Australia, Europe and the U.S., sales of countermine products globally plus modest sales of gold detectors into Africa, will achieve predictable and sustainable annual revenues of around \$70m.

When we experience surges of demand for our gold detectors in Africa, as we did last year, we can push up to the high end of the revenue range and beyond.

Our high-precision tracking business, Minetec, is gaining traction despite the downturn in the mining and resources sectors. We believe that Minetec has the most accurate underground tracking technology in the world, and this is a critical enabler to support the mining industry's planned transition to autonomous mining.

Minetec is quickly gaining customer acceptance through a number of successful installations with customers such as Rio Tinto, Anglo American, Newcrest, OZ Minerals and Saracen Minerals.

The combination of high-precision tracking and task management is proving very successful and is unlocking productivity gains for these customers.

The Board and Management believe in the long-term success of this business and will continue to invest in our high-precision tracking technology. Positive outcomes are being achieved for our customers, and the business will report a profit in the first half of FY17. This is a significant milestone, and we will continue to work hard to develop this business to contribute to long-term value creation for shareholders.

While our performance in FY16 was stronger than the previous year, the Board and Management recognise the need to reduce earnings variability and increase total profitability. There are significant elements of our business that are more predictable and sustainable from a sales perspective, however we continue to work hard to grow underlying revenues to counter the variability associated with our HF project and gold detector sales.

We have plans to further diversify and grow revenues by entering the defence electronics sector. Codan has a track record of designing and manufacturing defence products such as high frequency radios and landmine detectors, and we believe that our core capabilities and competencies are well aligned with the requirements of the large defence contracting companies in delivering upcoming high value, multi-year programmes including Land 400, the offshore patrol boats and the air warfare destroyers.

While we do not expect to book sales from these programmes during FY17, we believe we are well positioned to offer a high-capability, high-quality Made In Australia option over the longer term.

Given the strength of the balance sheet, we are also reviewing our options to target acquisitions that offer scale and can deliver diversity of earnings for your company. The Board and Management have significant experience in this area, and we will work together to ensure that any potential acquisition creates value for shareholders.

Although it is too early to provide guidance for the full year, as David mentioned, the company is well positioned to deliver a much stronger first-half result compared to last year. Although our second-half performance is typically stronger than the first, we do not expect that to be the case this year, due to the large contract awards announced last year that we delivered in the first quarter.

Finally, I would like to acknowledge and thank our people for their efforts to drive our business to more sustainable levels of profitability. Despite the daily challenges we face as a complex and diverse international business, we continue to be well served by our exceptional people right around the world, and we remain grateful for their significant contribution.

Thank you.

Donald McGurk
Chief Executive Officer