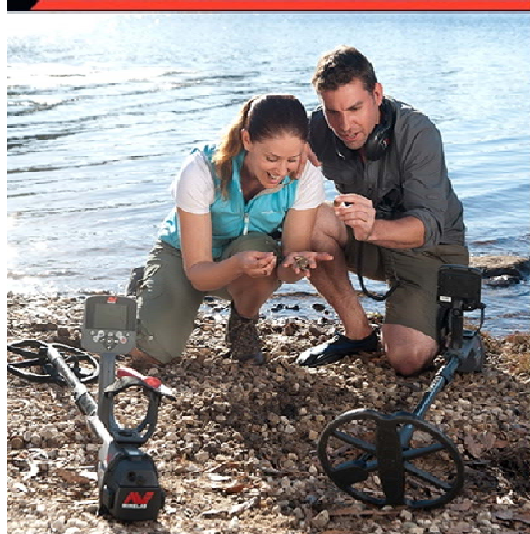


INVESTOR PRESENTATION

FY14 Half Year Results

Donald McGurk
Managing Director and CEO

Michael Barton
Chief Financial Officer



Important Notice and Disclaimer

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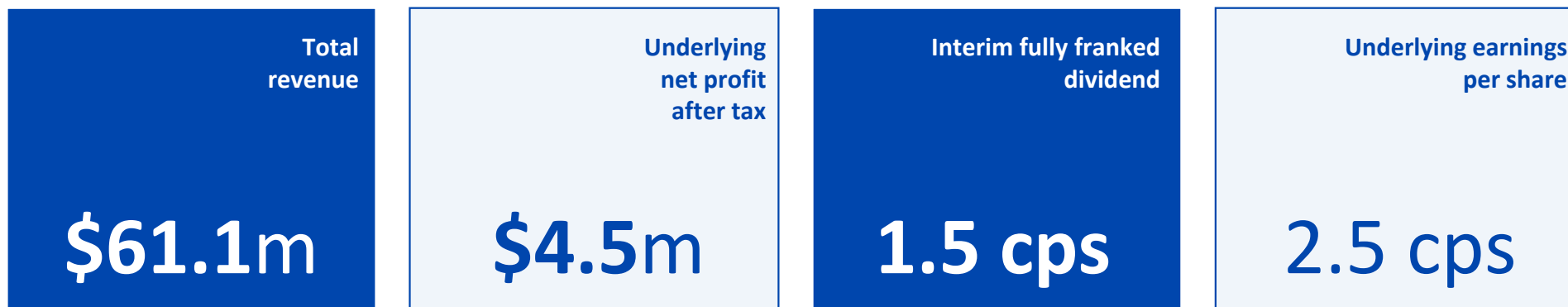
This presentation may contain forward-looking statements with respect to the financial condition, results of operations, business of Codan and certain plans and objectives of the management of Codan. Actual outcomes may differ materially from forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are likely to involve uncertainties, assumptions, contingencies and other factors. As a result, unknown risks may arise, many of which are outside the control of Codan. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Codan disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

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OVERVIEW

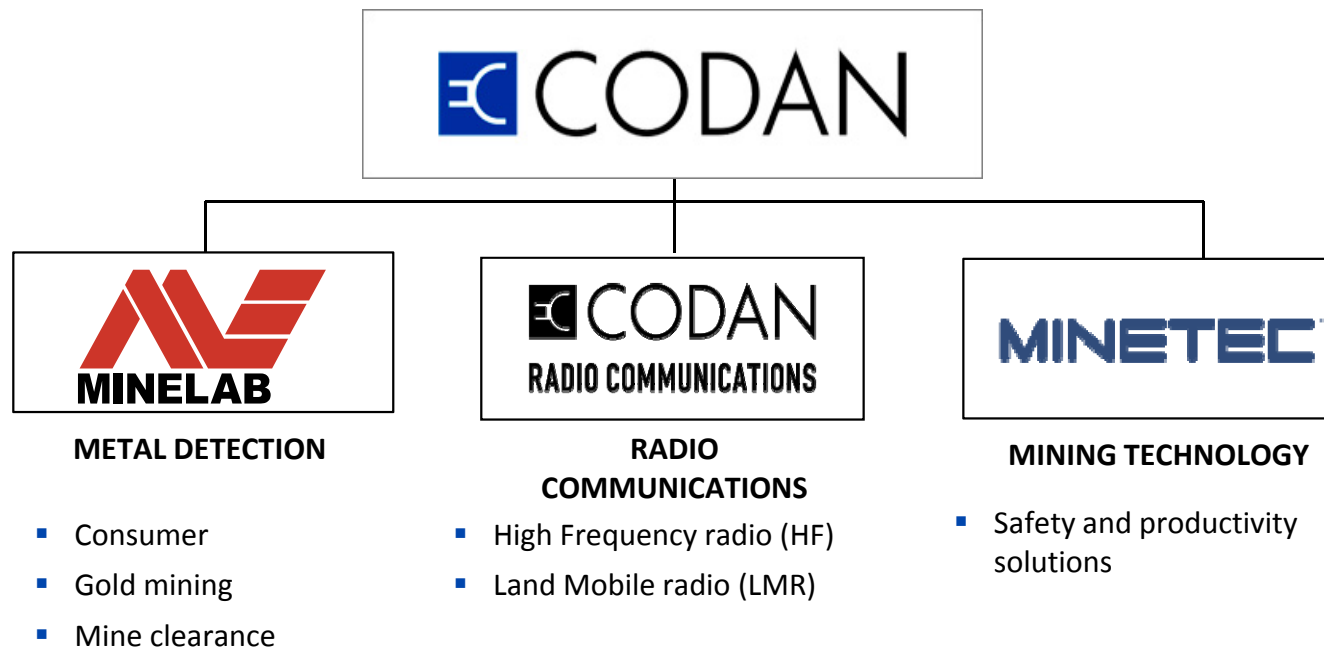
Half year results

- Half year revenue reduced to \$61.1 million due to depressed gold detector sales in African markets
- Underlying net profit decreased from \$27.4 million to \$4.5 million
- Interim fully franked dividend of 1.5 cents per share
- Costs reduced to support sustainable revenue base with potential for significant upside as markets recover
- Solid baseline business from which to grow through continuing product releases and entry into new markets
- The challenge presented by some of our markets makes it difficult to provide profit guidance at this point in time



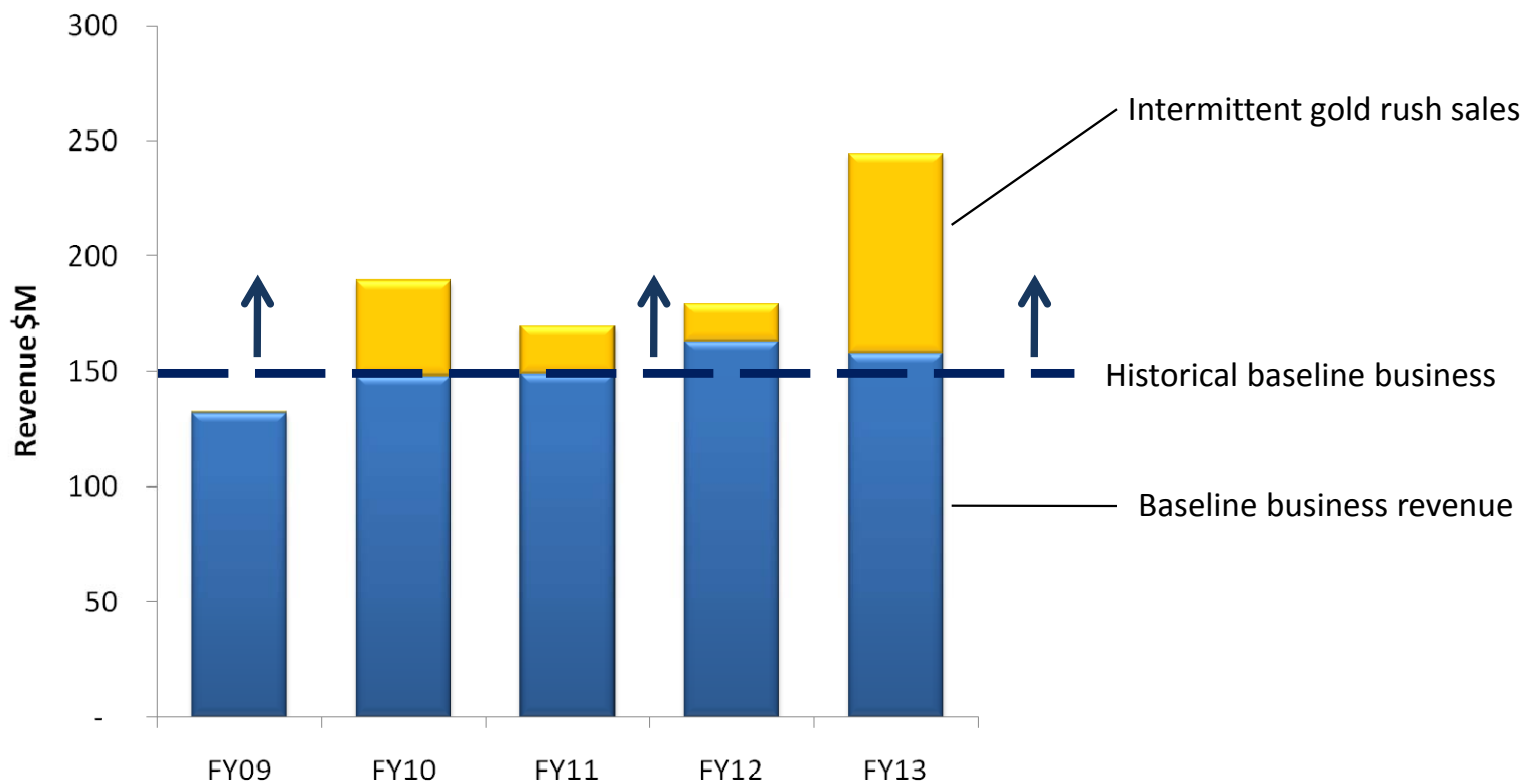
BEST-IN-CLASS ELECTRONICS SOLUTIONS FOR GLOBAL MARKETS

- Codan is a group of electronics-based businesses that capitalise on their fundamental design and manufacturing skills to provide best-in-class electronics solutions to global markets
- Our core products are metal detectors, radio communications systems and mining technology solutions
- We have a 55 year history of success through:
 - optimising the development and manufacture of sophisticated electronics and associated software
 - delivering cost-effective solutions
 - operating in global markets
 - ongoing investment in new product development to maintain our competitive position



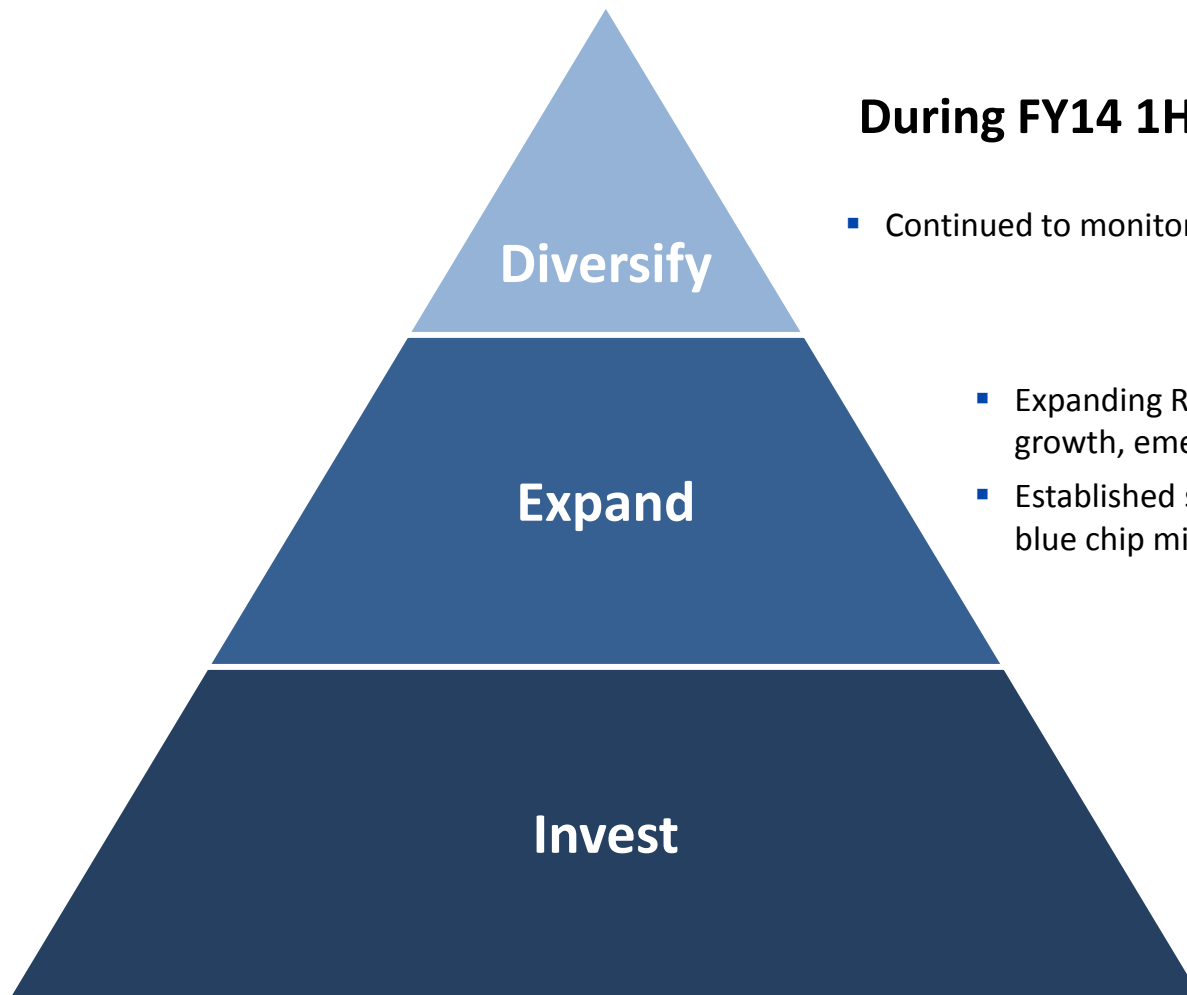
THE BASELINE BUSINESS

- Historically, Codan has been a circa \$150M baseline business supplemented by surges in demand for gold detectors during gold rushes
- Our strategy is to profitably grow this baseline business while maximising profits from gold rushes



DELIVERING ON STRATEGIC OBJECTIVES

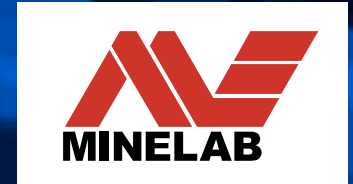
growing baseline business organically and by acquisition



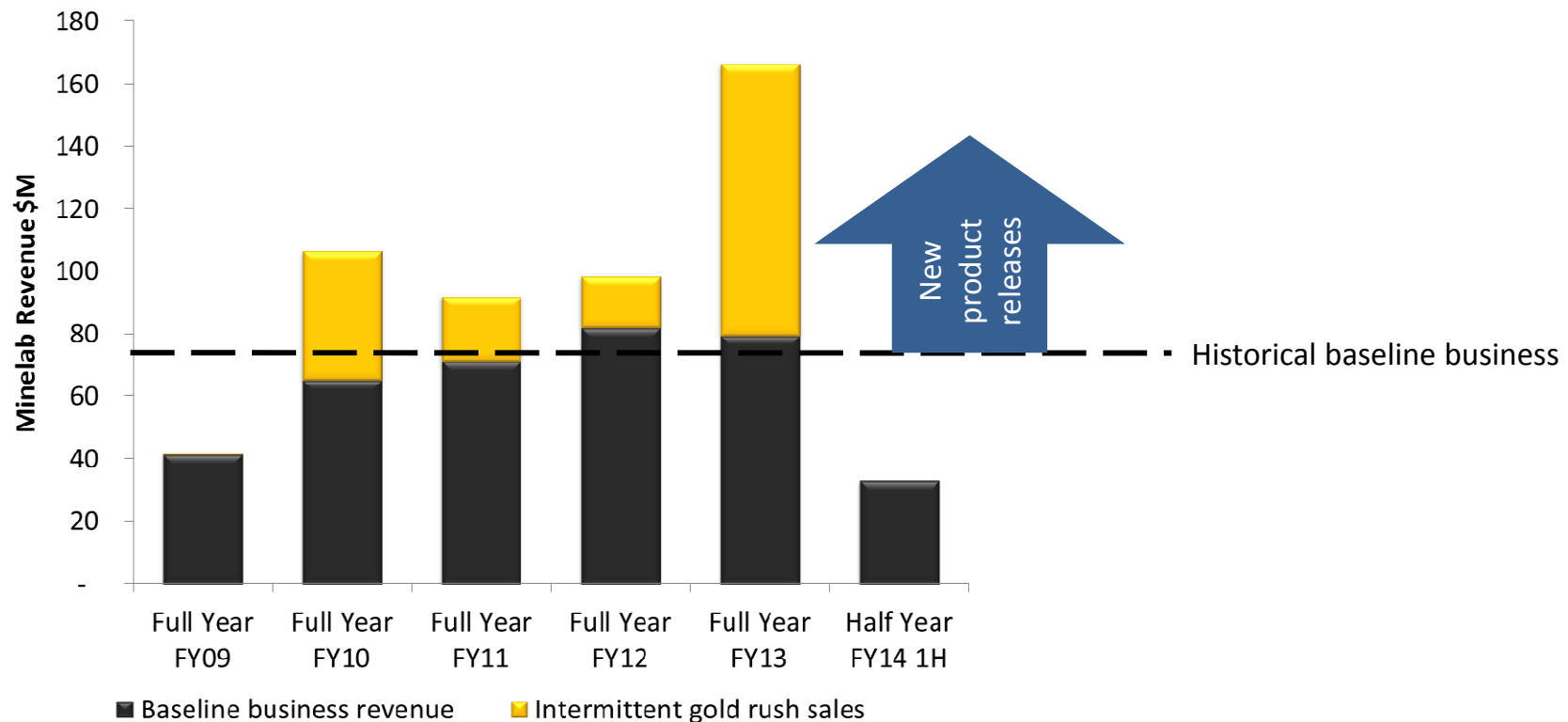
During FY14 1H:

- Continued to monitor opportunities but focus has been on the core businesses
 - Expanding Radio Communications into complementary, higher growth, emerging technology markets
 - Established successful reference sites for Minetec products with blue chip miners
- On target for release of compact gold detector in FY14 and low cost metal detector in FY15
- Continued to expand Envoy™ capabilities and features
- Established new Minelab dealers in Asia, CALA and Eastern Europe
- Expanded Minetec's 3rd party dealer network into North America, Africa and Scandinavia
- Maintained engineering spend at \$7-8M in the half

METAL DETECTION



- Historically, metal detection has been a circa \$70 - 80M baseline business with surges in demand for gold detectors during gold rushes in developing countries
- While we cannot predict the next gold rush, we are growing baseline demand for gold machines and hobbyist detectors through new market development, education and regular technology upgrades



METAL DETECTION Markets



Small-scale gold mining

- New market development continues in Africa, CALA, AsiaPac
- Sales contracted in FY14 1H as African markets continued to be impacted by climate, political instability, second hand machines, counterfeit sales and less significant gold finds



Hobbyists and prospectors

- Steady sales growth in Coin & Treasure machines through brand promotion and expanded retail distribution in US, Canada, Australia, Western Europe
- Expanding market reach through digital marketing, YouTube advertising, retail and website sales



Countermine

- Two key contracts won in FY14 1H for delivery in FY14 2H



METAL DETECTION



Using digital marketing to develop consumer markets – 1.5 million YouTube hits and counting



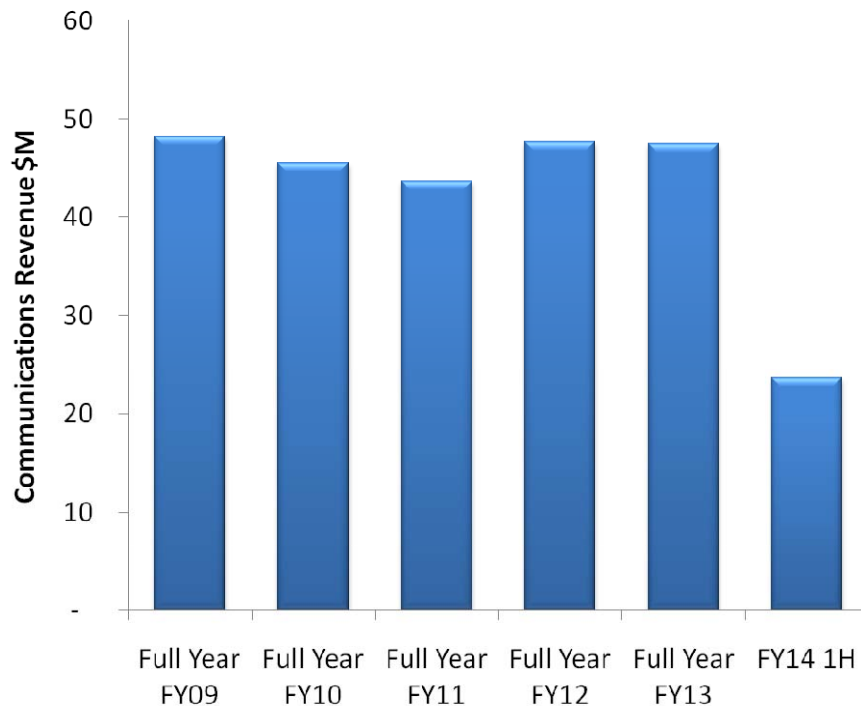
https://www.youtube.com/watch?v=s7_AC_QIOkE&list=PL-wOIlBb-BlceOg49rjLmYRL004yTzfxq



RADIO COMMUNICATIONS



- Radio Communications has reliably been a circa \$50M projects business¹,
- HF sales predominantly into developing world, heavily driven by first world government funding
- LMR sales currently dominated by North America, dependent upon US government spending
- Growth expected from Envoy™ sales and taking LMR into developing countries under the Codan brand



RADIO COMMUNICATIONS Markets

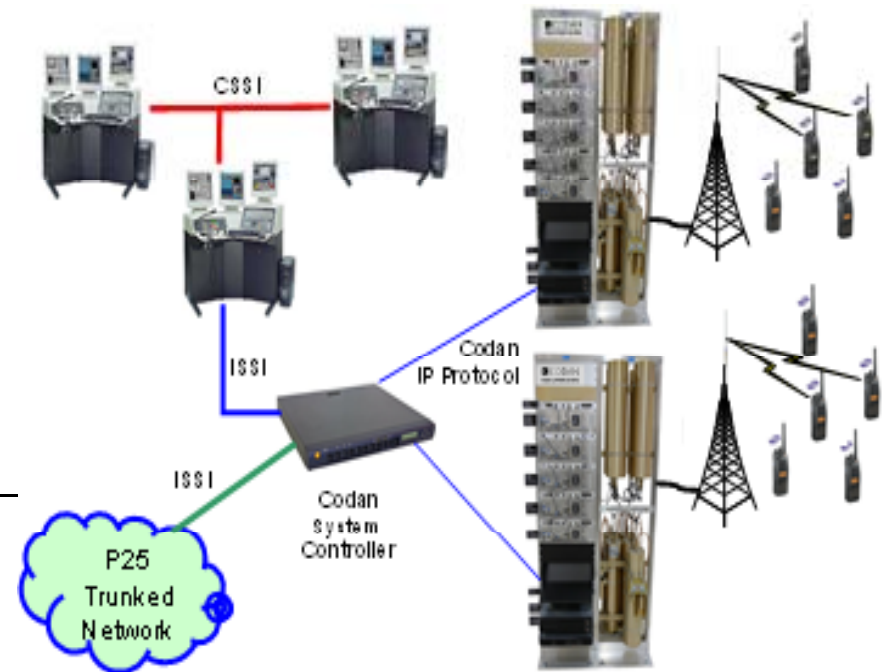
High Frequency Radio (HF)

- Released second major Envoy™ upgrade
- Strong order book to commence second half
- Smartphone capability well received
- Seeing opportunities for networked HF/LMR product
- Greater focus on US, CALA and Middle East



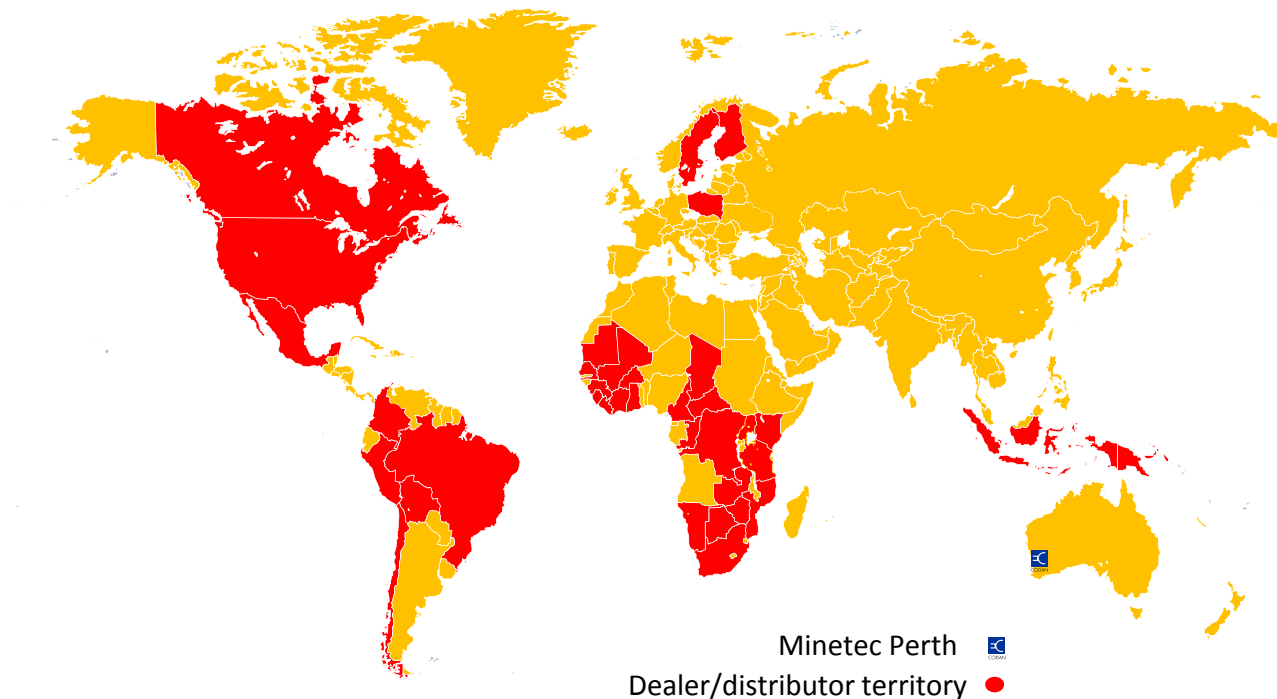
Land Mobile Radio (LMR)

- Product evolution into TDMA Platform, Simulcast and Multi-Site trunking
- Released two new tactical repeaters for secure, rapid deployment as additions to LMR product range
- Strengthening LMR sales pipeline in the US
- Still the best low power P25 repeater worldwide



MINING TECHNOLOGY Building an international dealer network

- Transitioned to a business model based on proprietary, high margin, core technology products for global miners
- Established reference sites for SMARTS and Safe Detect with blue chip miners in Australia, South Africa, Chile, Indonesia and Papua New Guinea
- Rapid growth of 3rd party international dealer & distributor network



www.minetec.com.au

MINING TECHNOLOGY

Mining Transformation

Minetec's suite of products provides the underpinning technology and force multiplier for mining transformation



Conventional Mining



Mechanised Mining



Autonomous Mining



MINING TECHNOLOGY

Testimonials

MINETEC



Our customers said:

“I congratulate Minetec on having the best underground communications technology and the only technology that actually works”

“Whether in my office, or in the muster area, at mine control, or my home in Melbourne, I can see at a glance what is going on in the mine. It is a new world”

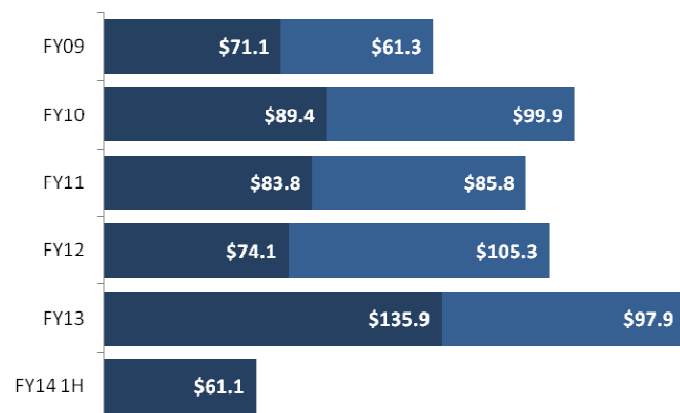
“Minetec outstood its competitors not just on a single vertical but on all verticals for the mechanised and operational requirements. Minetec is our partner of choice to make this happen”

MINER-PROOF PRODUCTS
MINE-READY ENGINEERING

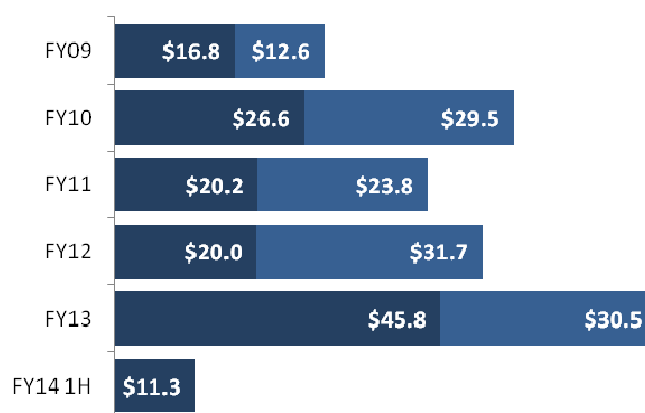
FY14 1H PROFIT AND LOSS

- Total revenue of \$61.1 million, compared to record \$135.9 million in the previous corresponding period
- Significantly reduced demand for metal detection products in Africa
- Underlying net profit of \$4.5 million, compared to record \$27.4 million in the previous corresponding period
- Interim dividend 1.5 cents – 60% payout ratio

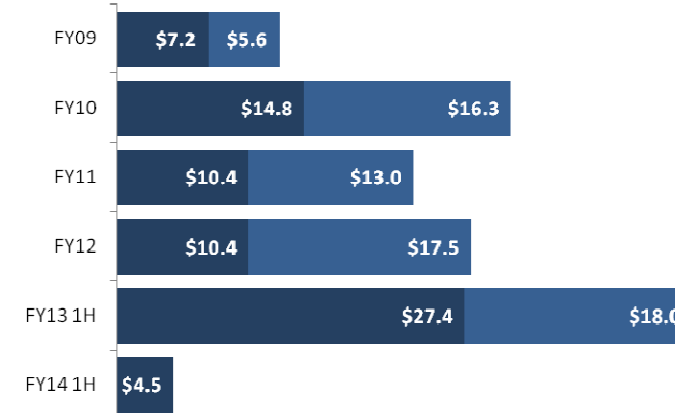
Revenue
\$ millions



EBITDA*
\$ millions



NPAT*
\$ millions



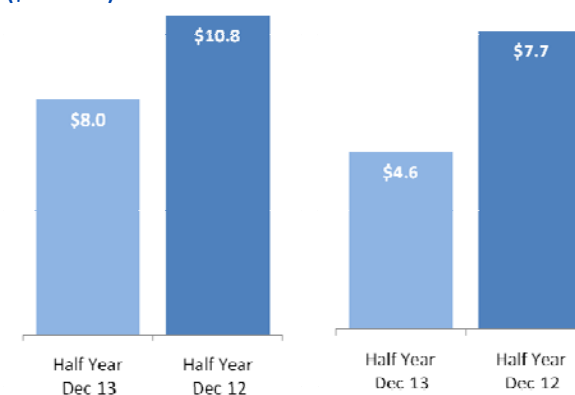
* All profitability measures refer to underlying profit

FY14 1H PROFIT AND LOSS

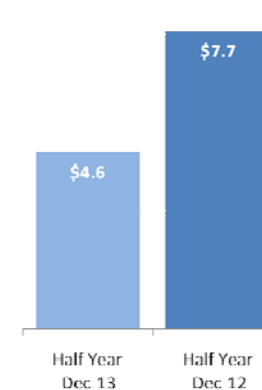
Underlying business performance

	Half Year Dec 13		Half Year Dec 12	
	\$m	% to sales	\$m	% to sales
Revenue	\$61.1	100%	\$135.9	100%
<i>Underlying business performance</i>				
EBITDA	\$11.3	18%	\$45.8	34%
EBIT	\$6.5	11%	\$39.9	29%
Net interest	(\$1.3)		(\$0.9)	
Net profit before tax	\$5.2	8%	\$39.0	29%
Underlying net profit after tax	\$4.5	7%	\$27.4	20%
Statutory net profit after tax	\$4.8		\$26.5	

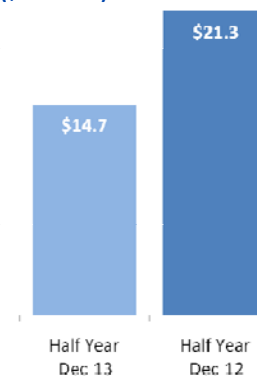
Administrative expenses
(\$ millions)



Engineering expenses
(\$ millions)



Sales & marketing expenses
(\$ millions)



- Profit margins decreased as a result of the lower level of high margin gold detector sales into Africa
- Costs reduced across the business, expense reductions of \$10 million per annum:
 - action taken early in the half
 - volume related expense reductions also realised
 - expenses in the second half expected to be similar to the first
- Maintaining investment levels in product development

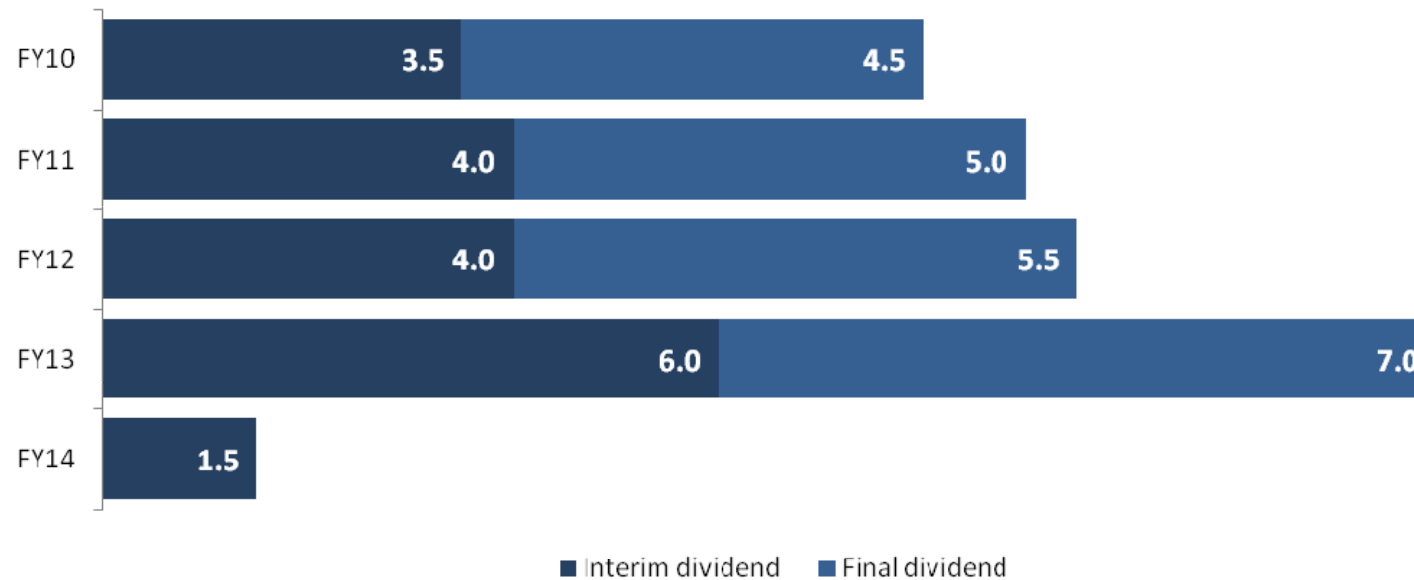
CAPITAL POSITION

- Net borrowings well inside the Company's debt facility of \$85 million
- Net debt increased from \$25 million to \$65 million since June 2013, as a result of:
 - payment for excess metal detector inventory
 - payment of FY13 tax bill
 - payment of FY13 final dividend
- Action being taken to reduce inventory

	Dec-13	Jun-13
	\$m	\$m
Receivables	\$20.1	\$21.1
Inventories	\$43.6	\$43.3
Payables	(\$15.4)	(\$30.0)
Total working capital	\$48.3	\$34.5
Property, plant & equipment	\$20.5	\$19.9
Product development	\$30.0	\$27.5
Intangible assets	\$89.5	\$88.5
Other assets	\$5.9	\$2.5
Other liabilities	(\$9.7)	(\$23.0)
Net assets before debt	\$184.5	\$149.9
Net debt	(\$64.6)	(\$25.2)
Net assets	\$119.9	\$124.7

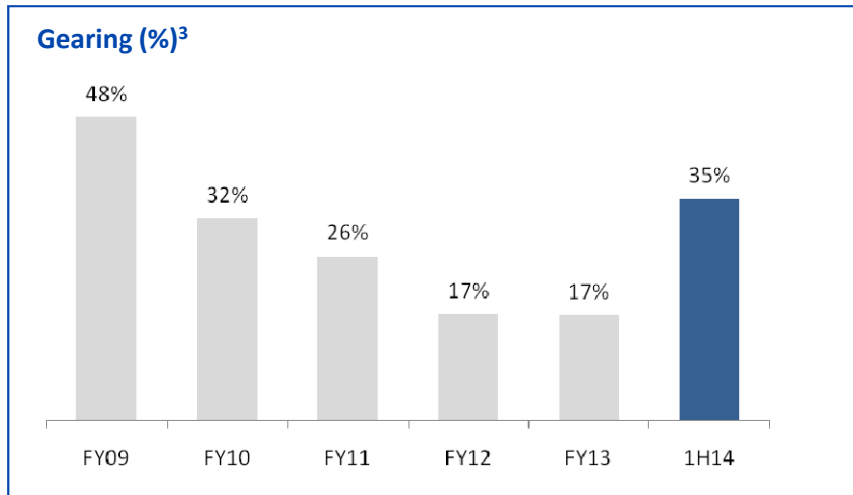
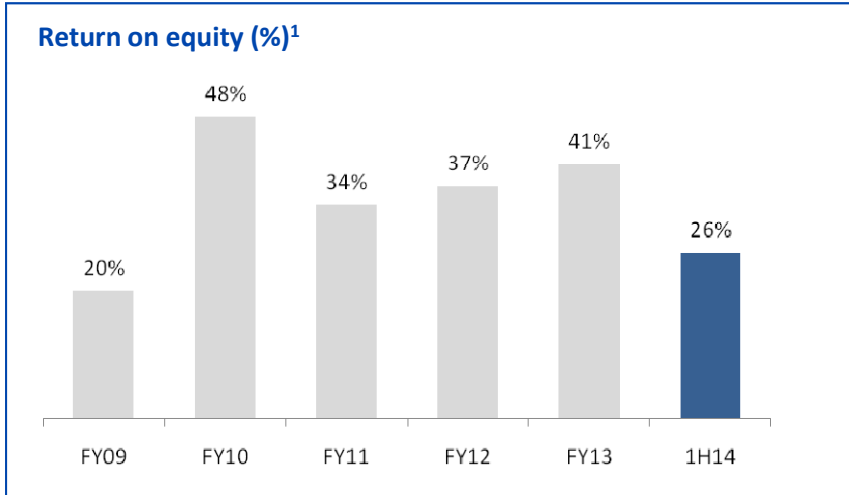
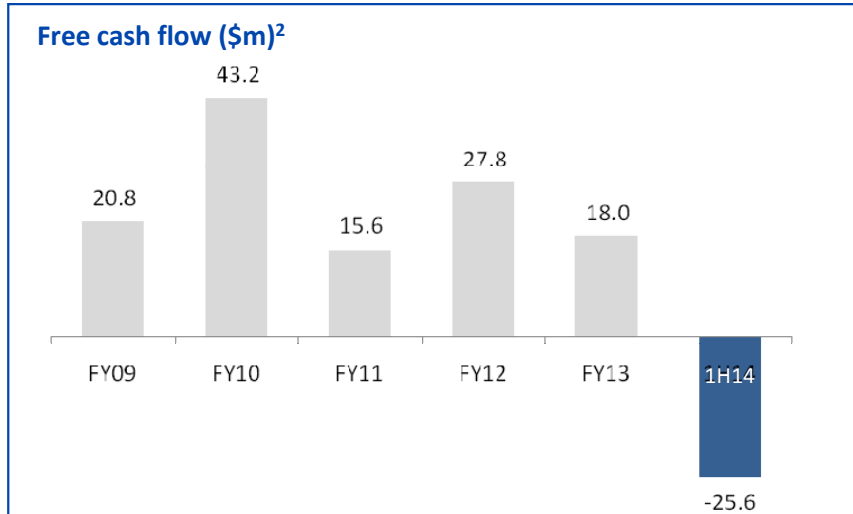
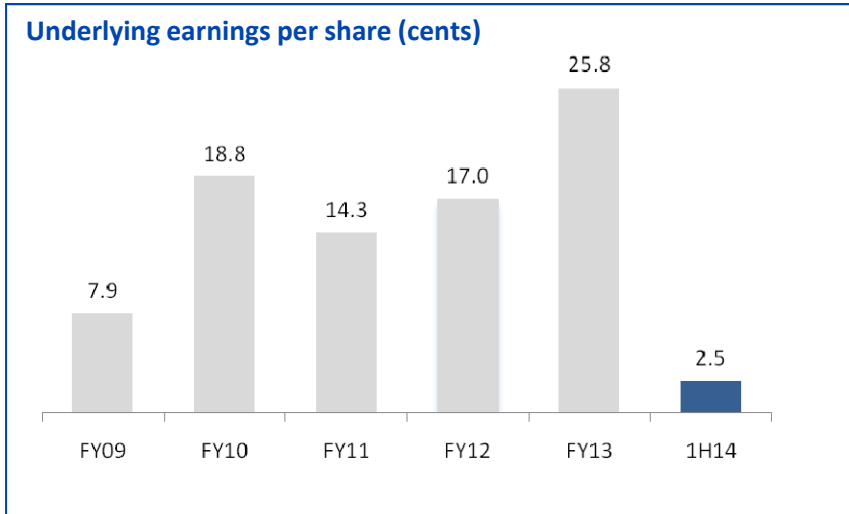
DIVIDENDS

Fully franked dividends (cents)



- Interim dividend 1.5 cents per share
- Record date 14 March 2014
- Payment date 1 April 2014
- Expect dividend payout ratio of at least 50%

KEY RATIOS



¹Return on equity calculated as previous 12 month underlying NPAT / average equity over the previous 12 months

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

³Gearing calculated as net debt / net debt plus equity

CODAN (CDA) – Key Drivers

Exposure to global markets

- Activity in 150 countries across the globe
- Long history of success in emerging markets

Superior technology and market-leading brands

- Development and manufacture of sophisticated electronics products and software
- Patented world's-best metal detection technology

Culture of continuous improvement

- Ongoing investment in future product technologies
- Harnessing the ideas and creativity of our people

Positioned for future opportunities

- Growing the business through investment, expansion of existing businesses and diversification into new technologies
- Leveraging operational excellence and market reach in global markets



OUTLOOK

- Codan has a solid baseline business from which to grow
- Supplementing this with heavy investment in new product development and entry into adjacent markets
- Leveraging key technologies to many markets and customers across the globe
- Focused on achieving a stronger second half right across the business
- Difficult to provide profit guidance at this point in time