



Robust, innovative technology

# FY17 Results

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DONALD McGURK  
Managing Director & CEO

MICHAEL BARTON  
Chief Financial Officer

SARAH EMMS  
Manager, Investor Relations

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**A global leader in developing robust, innovative technology for security, humanitarian, consumer and resource markets**

- Portfolio of technology solutions
- Superior performance in the harshest conditions
- Customers in 150 countries
- Global distribution network
- 58-year history of innovation
- Strong, protected Intellectual Property
- Solid progress in profit and dividend growth
- Strong financial position

# SELLING TO CUSTOMERS IN 150 COUNTRIES AND OPERATIONS ACROSS THE GLOBE



# FY17 RESULTS

## Sales

\$226M  
↑ 33%

## EBITDA

\$76M  
↑ 80%

## NPAT\*

\$45M  
↑ 112%

## EPS\*

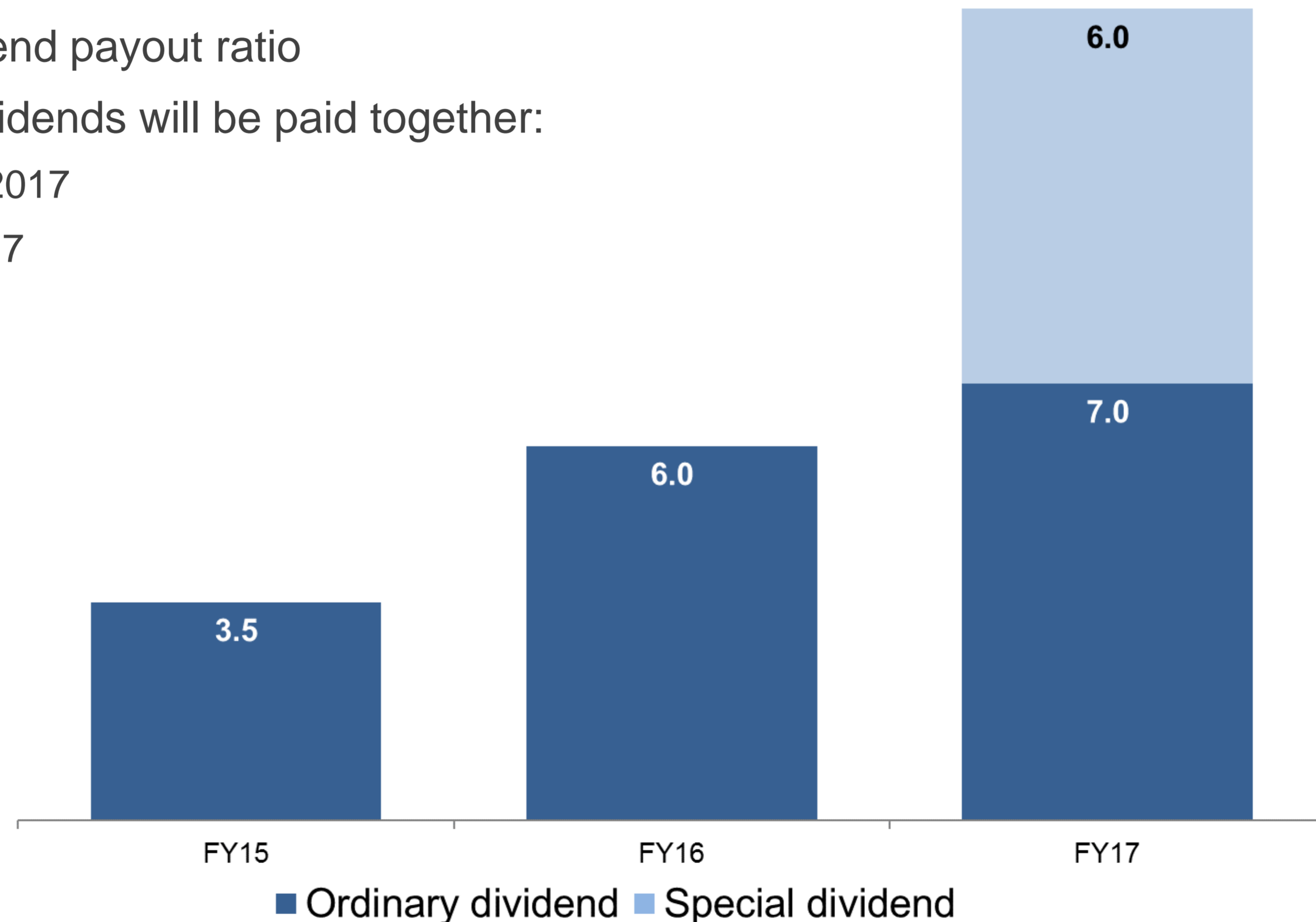
24.9c  
↑ 109%

- Strong growth, paid special dividend
- Growth driven by gold detector sales and large HF radio contracts
- Profit margins up – high end products and cost control
- Debt free
- Returned \$23 million to shareholders through ordinary and special dividends
- Continue to invest heavily in sales capability, marketing and engineering

# DIVIDEND

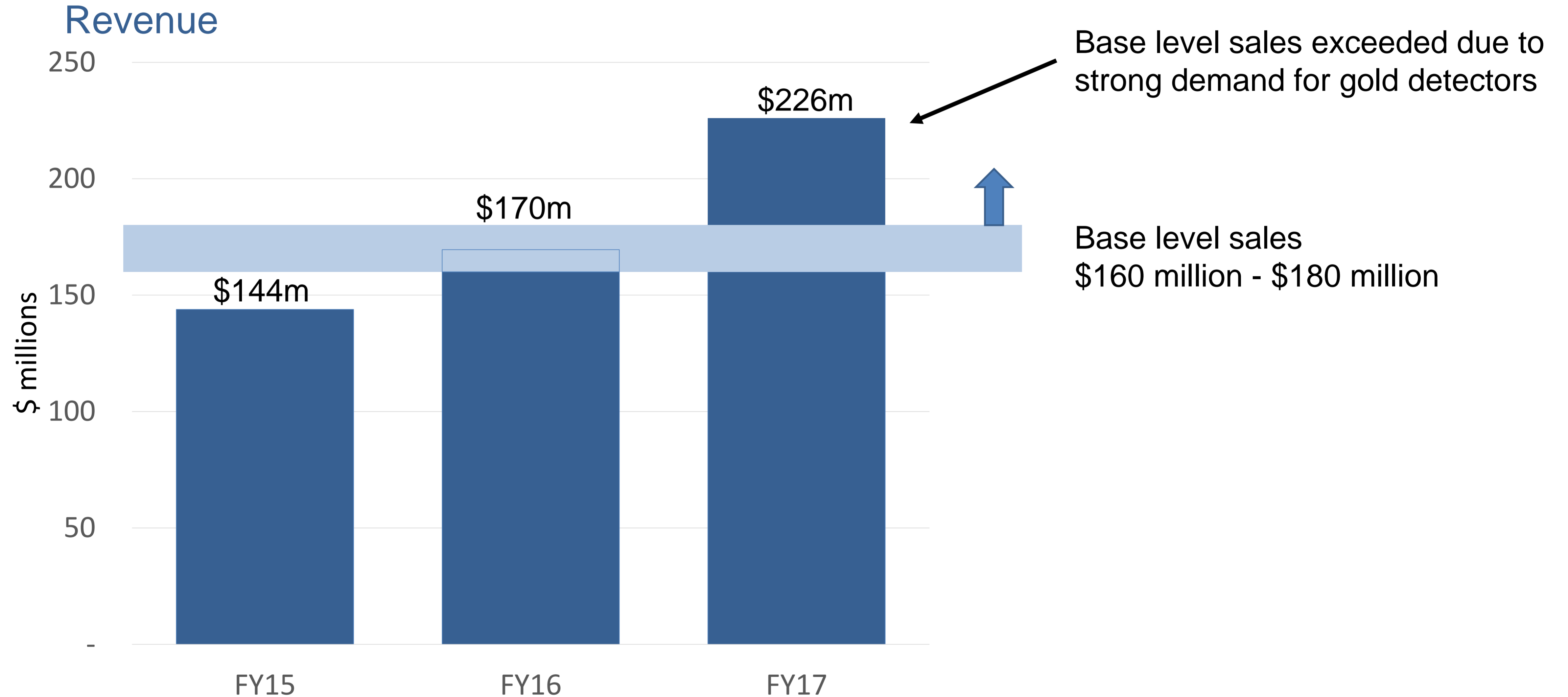
## ORDINARY DIVIDEND UP 17% + SPECIAL DIVIDEND

- 4 cent final ordinary dividend (3 cent interim)
- Special dividend reflects outperformance due to strong gold detector sales – 3 cent final (3 cent interim)
- Board maintaining 50% dividend payout ratio
- Final ordinary and special dividends will be paid together:
  - Record date 15 September 2017
  - Payment date 3 October 2017

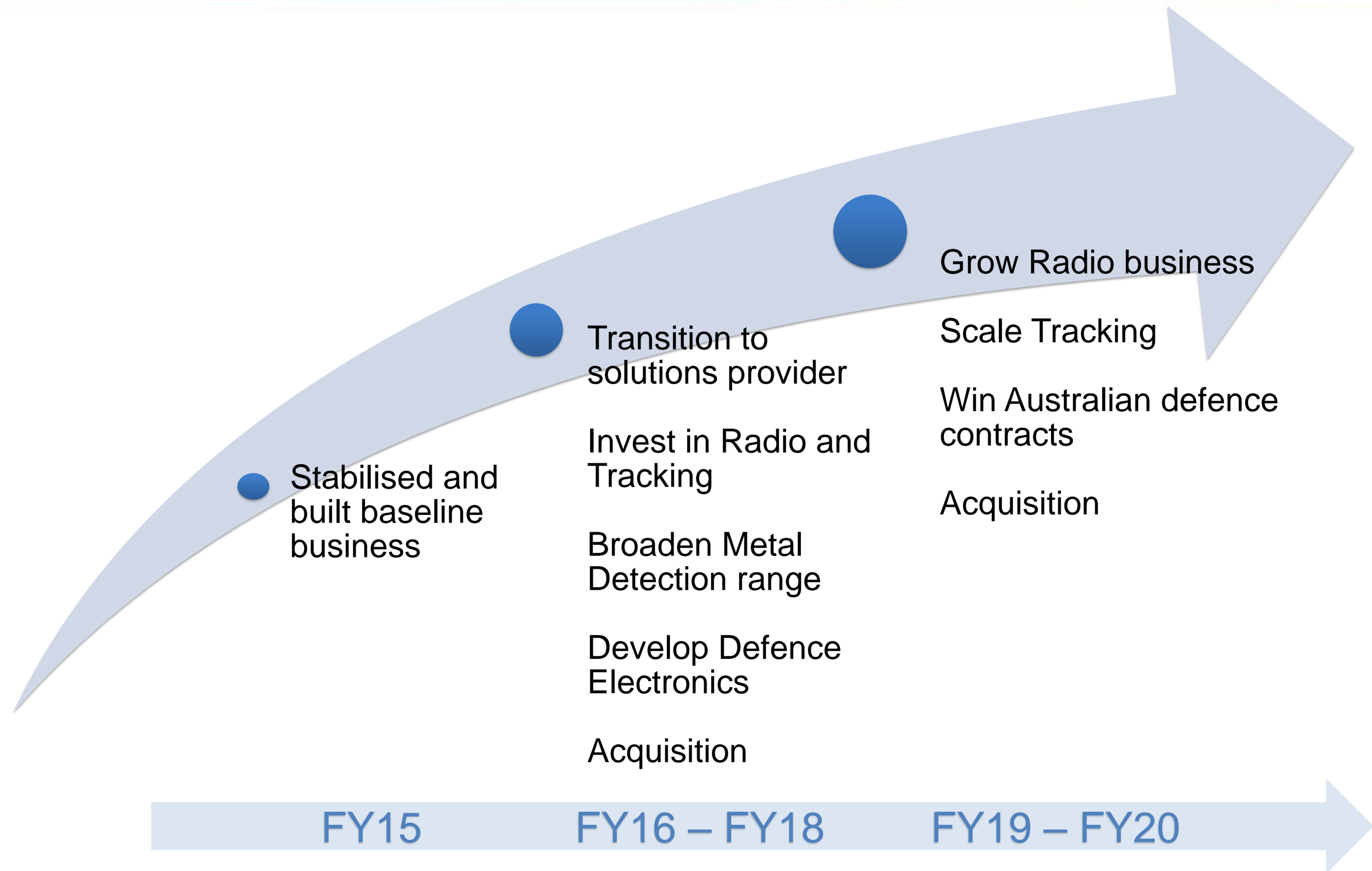


# BASE BUSINESS

REVENUE \$160-180 MILLION / NPAT \$20-25 MILLION



# BUILDING THE BASE BUSINESS



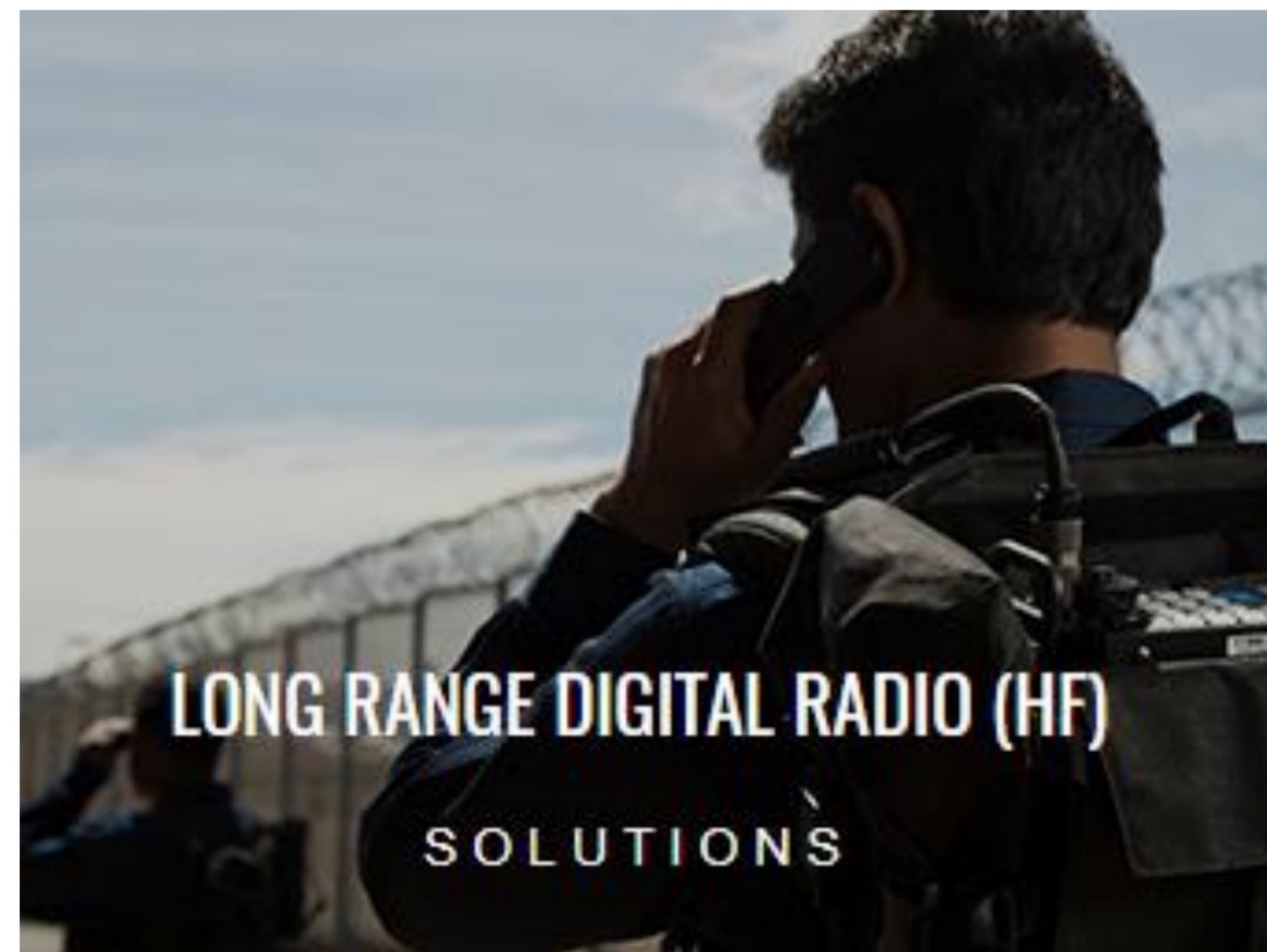


# BUSINESS UNITS



# RADIO COMMUNICATIONS

KEEPING YOU CONNECTED WHEN LIVES ARE ON THE LINE

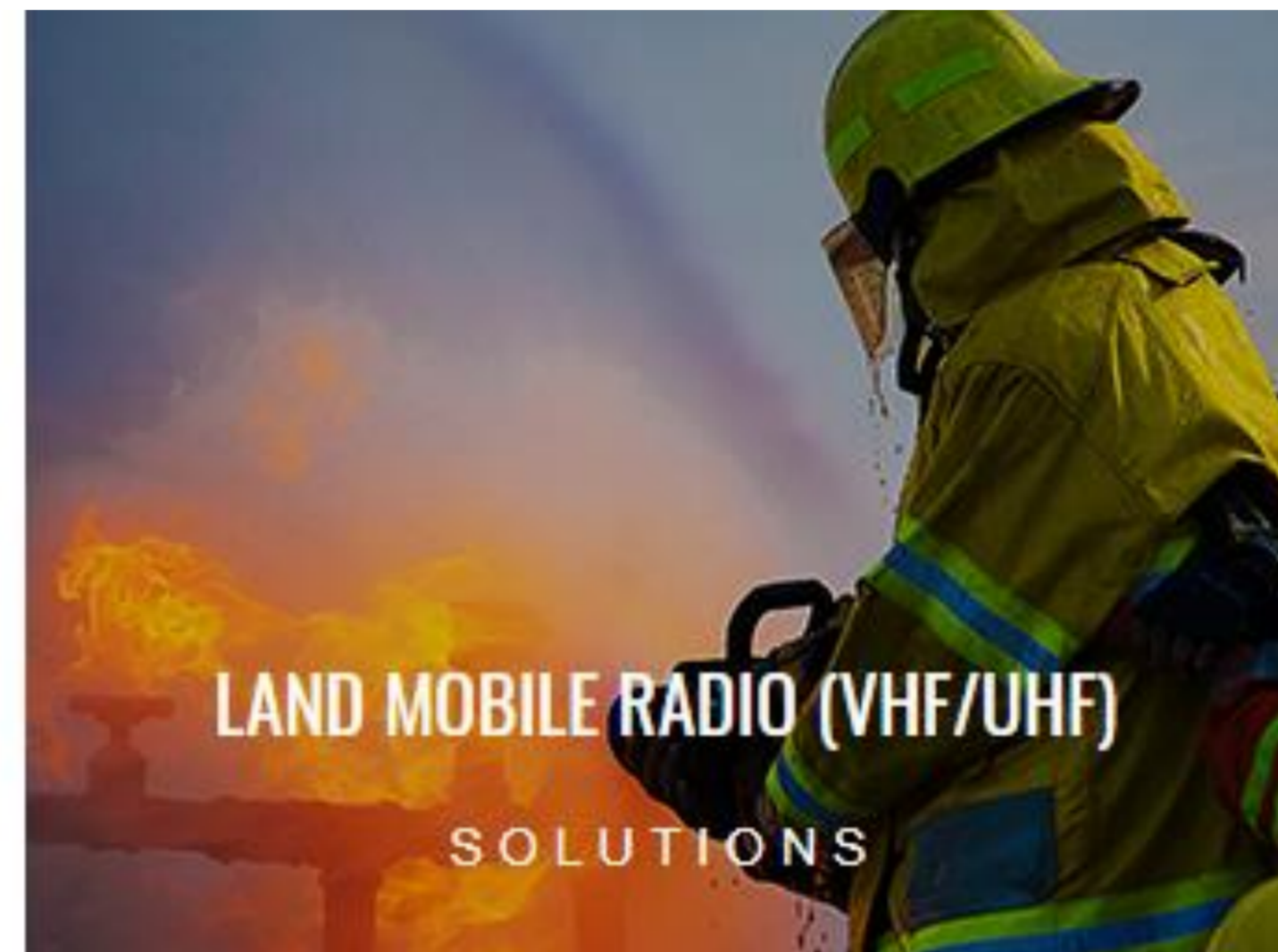


**Infrastructure free, long range radio communications**

Key markets – Africa, Asia

Users:

- Humanitarian
- Peacekeeping
- Military
- Public Safety

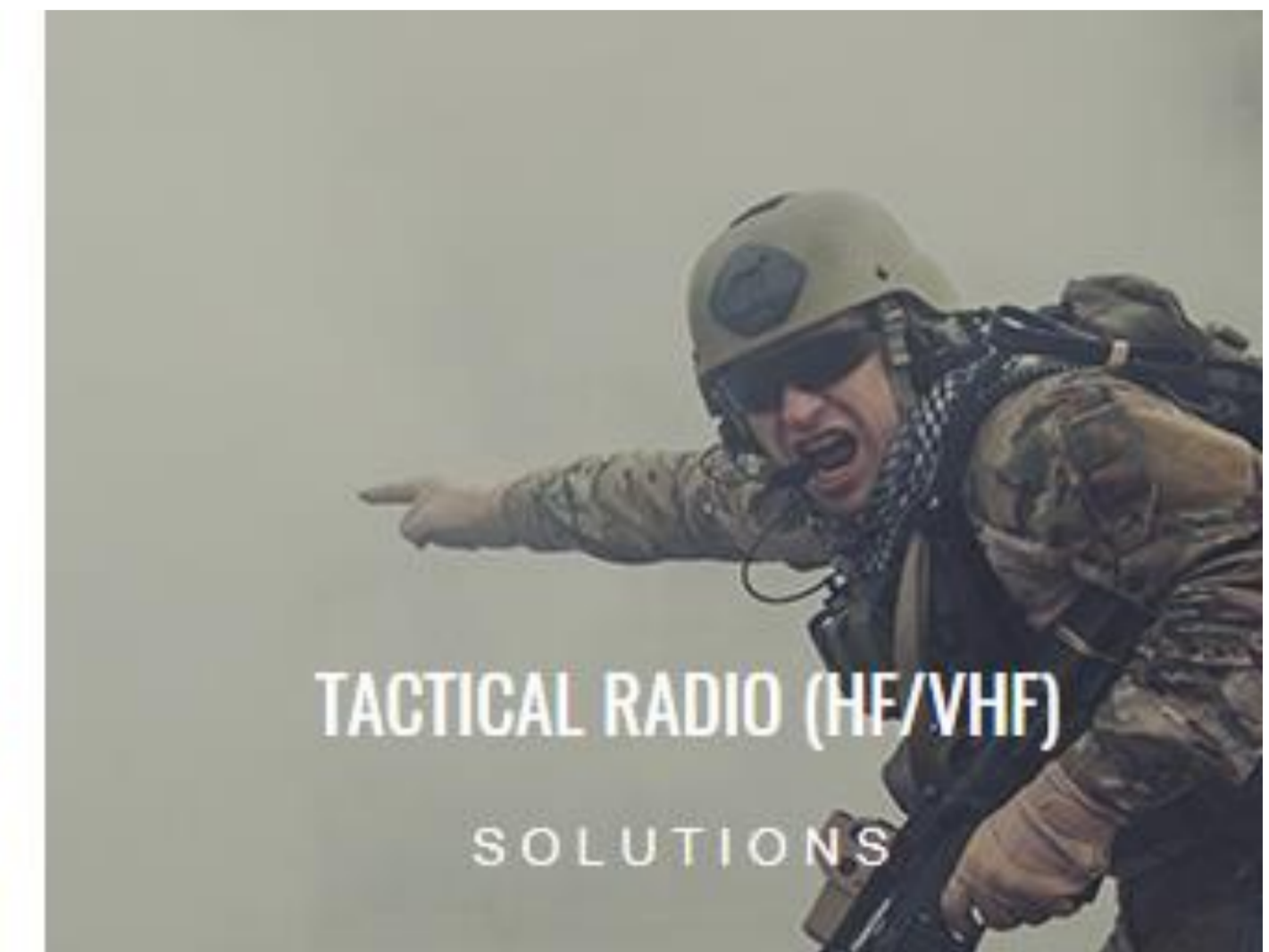


**Robust, dependable wireless systems for voice and low-speed data communications**

Key markets – North America, Australia

Users:

- Homeland Security
- Firefighters
- Police
- Emergency Services



**Purpose-built radios for maximum reliability and ruggedness**

Key markets – Africa, Asia, Australia

Users:

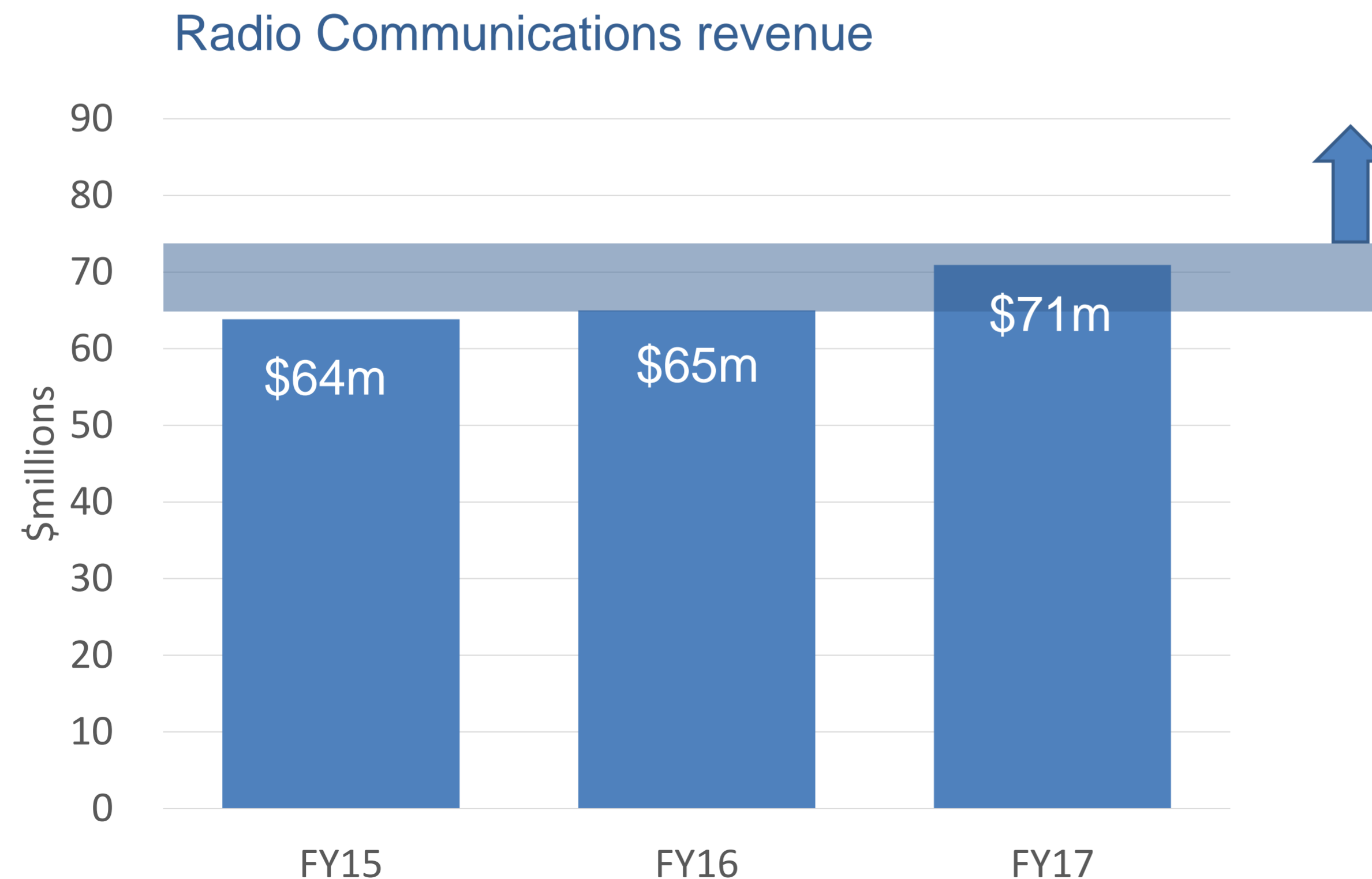
- Military

## FY17

- Best result in eight years
- Increased sales by 9% and profit by 14%
- Expanded military offering
- Completed first phase of Cascade™
- Expanded global sales force

## FY18 Goals

- Deliver Cascade™ and transition to a full communications solutions provider with a more expansive customer offering
- Build military sales pipelines – new HF Sentry™
- Leverage collaboration partnerships
- Maintain strong HF market share



Base level sales \$65 million - \$75 million

- Large HF projects can take us to the top of this range
- Expanding product range to grow baseline

# RADIO COMMUNICATIONS

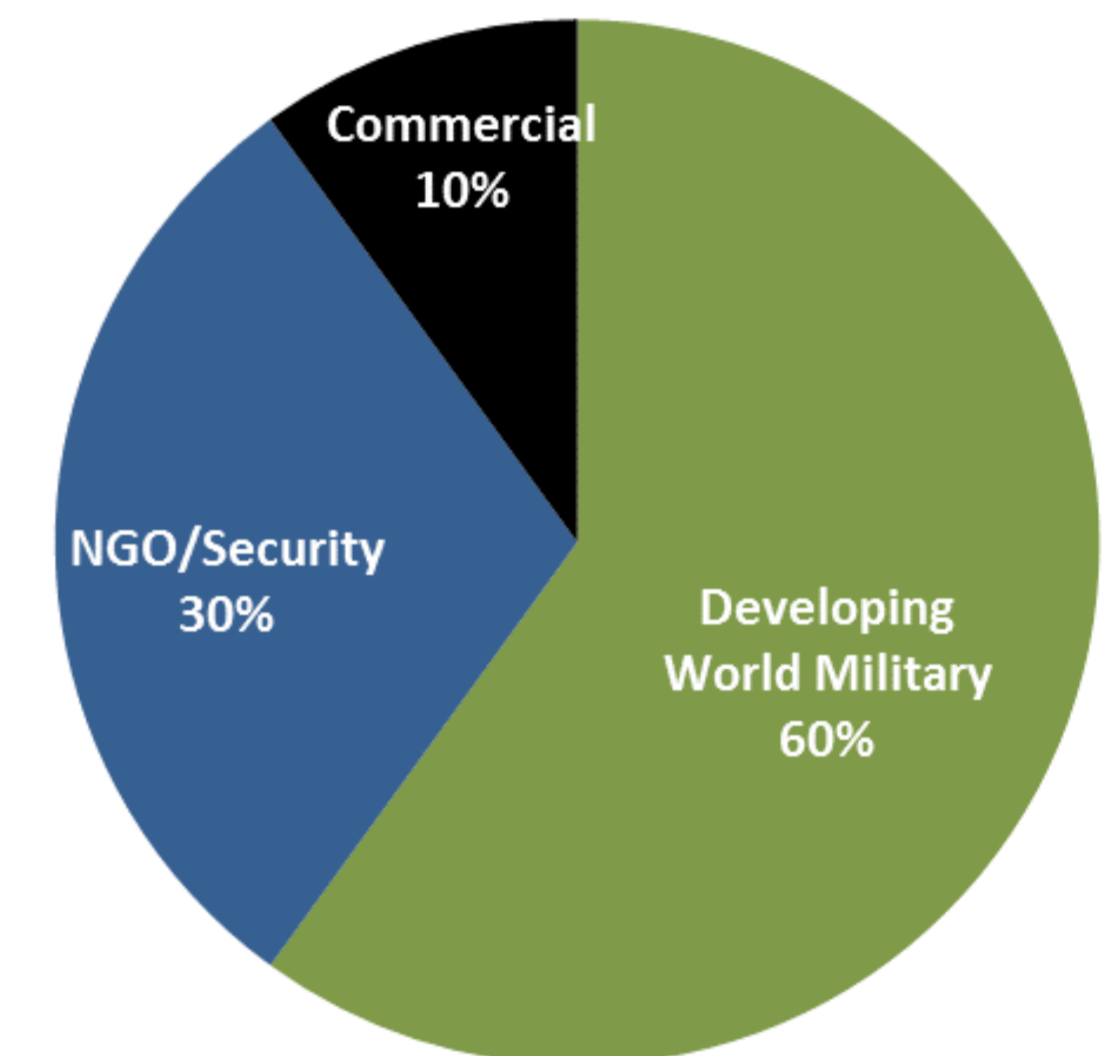
## LONG RANGE DIGITAL RADIO (HF)

Solutions for long distance communications without infrastructure

### Target markets:

- Global markets with estimated annual sales of US\$500 million
- Used extensively in Africa, Middle East and Asia
- Diversified customer base

Global HF market



Humanitarian



Peacekeeping



Tactical



Public Safety



Marine

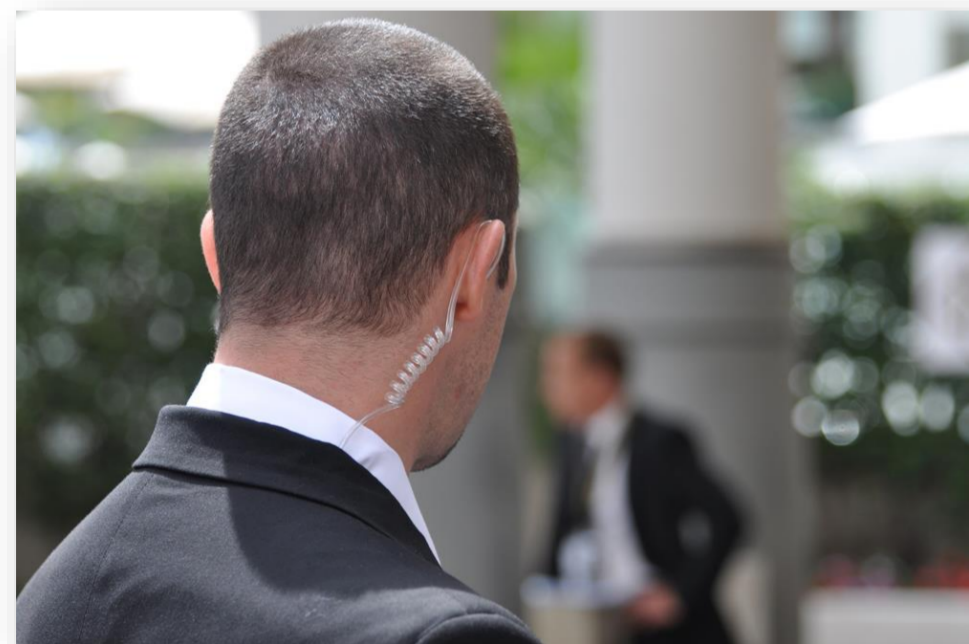
# RADIO COMMUNICATIONS

## LAND MOBILE RADIO (VHF, UHF)

### Solutions for first responder communications

#### Target market:

- ▶ North American LMR solutions
- ▶ US\$1B market, growing at 12% per annum\*
- ▶ Customers transitioning from analogue to digital systems



Homeland Security



Firefighter



Police



Emergency

# METAL DETECTION

## WORLD'S BEST METAL DETECTING TECHNOLOGY



### Coin & Treasure, Gold Detectors

Key markets - Australia, USA, Europe, Russia

Users:

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

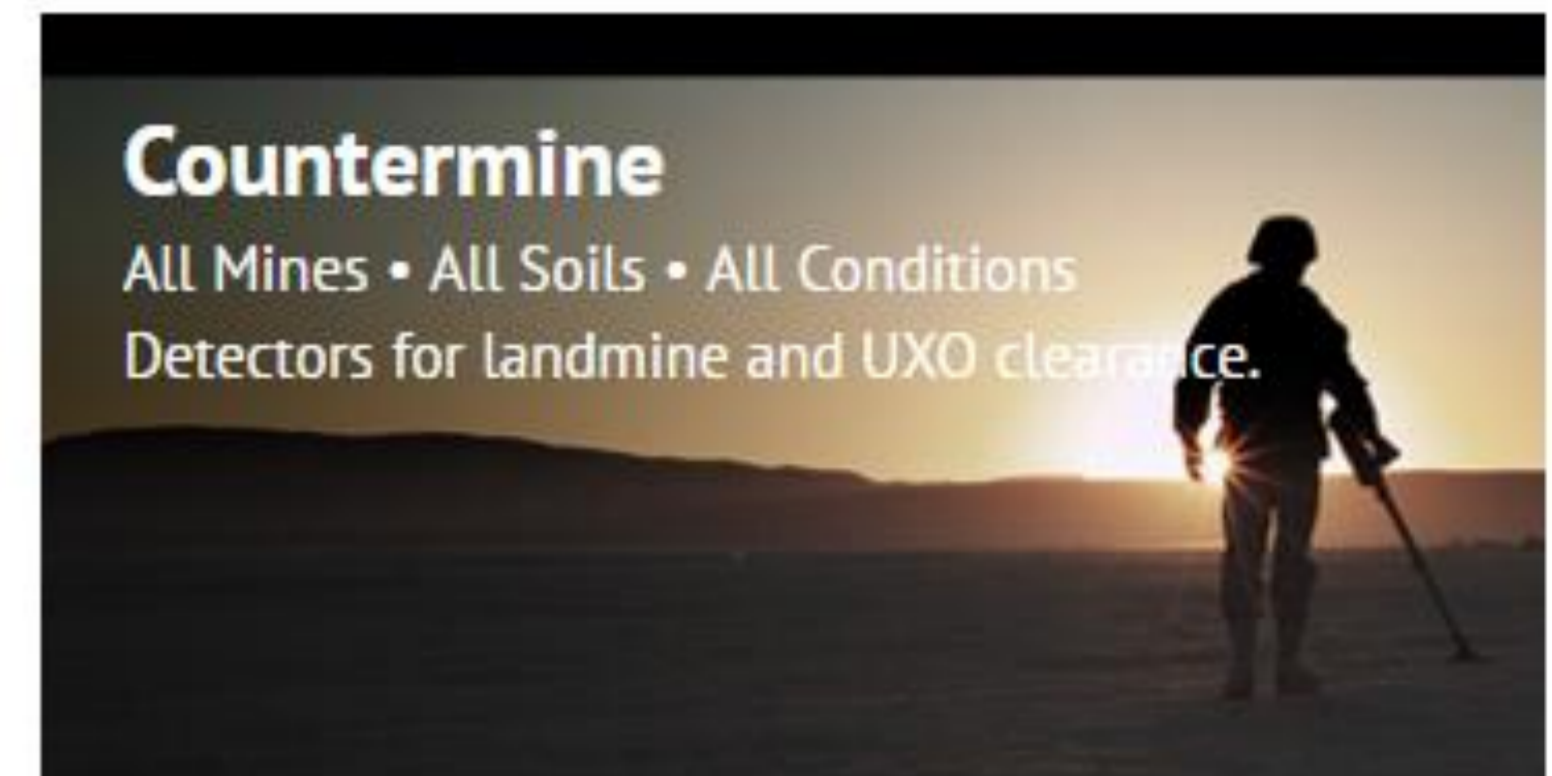


### Hand-held Gold Detectors

Key markets – Africa / AsiaPac / LATAM

Users:

- Small scale artisanal miners



### Land Mine Detectors

Key market – countries impacted by war – past and present

Users:

- Demining organisations
- Governments
- Security forces
- Armed forces

# METAL DETECTION

## WORLD'S BEST METAL DETECTION TECHNOLOGY



Recreation

Gold Mining



GO-FIND Series



X-TERRA Series



EXCALIBUR II



E-TRAC Safari



CTX 3030



SUC 2300



GPX Series



GPZ 7000

hobbyist – enthusiast – specialist – expert

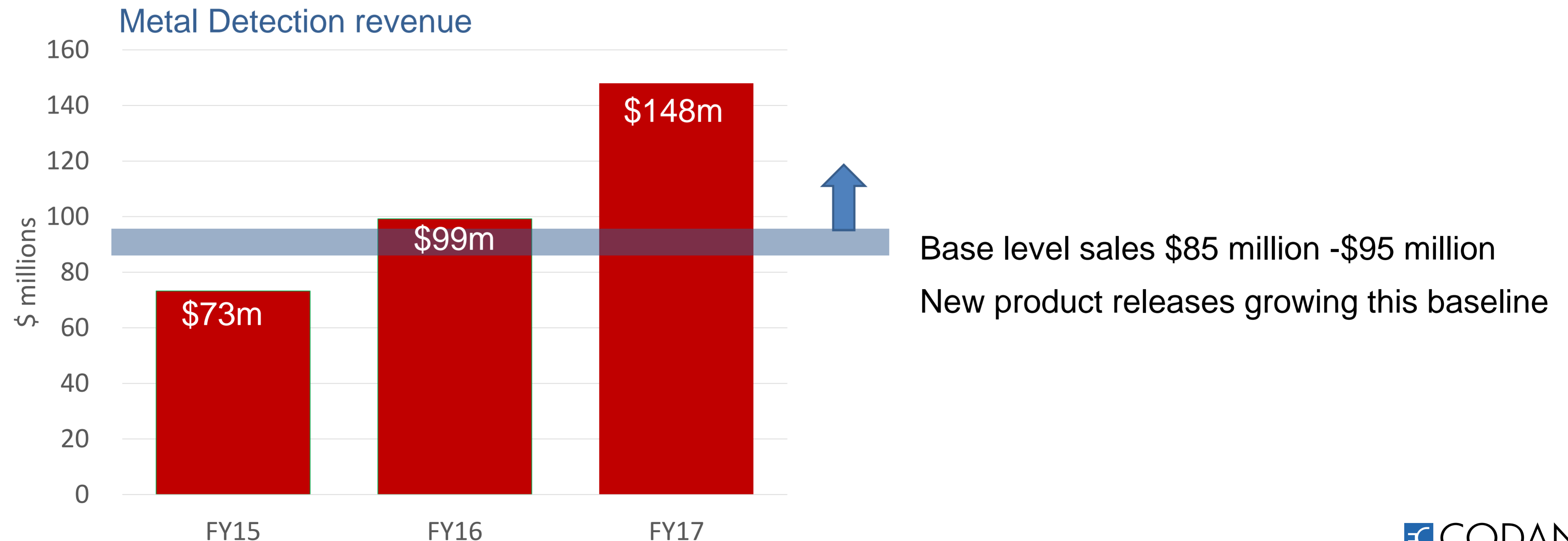
entry – mid range – professional

## FY17

- Second best year in Minelab history
- Strong African gold detector sales continued
- Sales increased 49% to \$148 million
- Segment profit increased 106%
- Released Gold Monster<sup>®</sup> gold detector in Africa
- Recreational market sales grew by 20%

## FY18 Goals

- Launch new product for recreational market
- Establish Gold Monster<sup>®</sup> in Africa
- Maximise GPZ 7000<sup>®</sup> sales
- Take GO-FIND<sup>®</sup> detector series to the next level
- Progress Countermine dual-sensor development
- Expand retail distribution and support





# RECREATION



- 20% sales growth in FY17
- The largest part of Minelab's base business
- Dealer network throughout Australia, USA, Europe, Russia
- Selling a complete range of Coin & Treasure and Gold detectors
- Continuing to expand our dealer network



Gold detecting in Australia



Treasure hunting with CTX

- Strong gold detector sales in African markets
- Existing customers upgrading to new products
- Minelab distribution centre in Dubai
- Dealer support and training on the ground
- Continuing to open new markets



*Gold Monster 1000® – designed specifically for African conditions at a lower price point, growing market share*

*GPZ 7000® – premium gold detector with highest ground penetration available*

# TRACKING SOLUTIONS

**MINETEC**

HIGHLY ACCURATE TRACKING TO IMPROVE MINE PRODUCTIVITY AND SAFETY



TRACKING VISUALIZATION



TASK MANAGEMENT



PROXIMITY DETECTION



**Tracking people and assets in real time**



**Eliminating bottlenecks to increase output**



**Highly accurate awareness and alerts**

- World leading technology
- TRACKING + DATA COMMUNICATIONS + SOFTWARE for whole of mine management in real time
- Targeting underground hard rock mines
- Focused on achieving scale
- Working closely with some of the largest players in the industry

# TRACKING SOLUTIONS

MINETEC

TANGIBLE PRODUCTIVITY IMPROVEMENTS DELIVERED



Saracen mine operated by RUC:

- Significant business win for Minetec
- Now a key reference site for other potential customers
- System commissioned February 2017
- Increased output from 73,000 tonnes to 100,000 tonnes in the first month of operation – a 35% improvement
- Record vehicle utilisation
- “We have lifted the production in the mine by a factor of 45 - 50%”

*Barry Upton*

*Managing Director, RUC Cementation Mining Contractors*



# DEFENCE ELECTRONICS

## BUILDING OUR BASE BUSINESS

- Leveraging our extensive defence capability (complex system design and manufacture)
- Capitalising on upcoming large defence projects and South Australian location
- Supplying large defence contractors, bidding into large defence projects:
  - JORN (over the horizon radar) upgrade
  - Land 400 (military vehicles)
  - SEA5000 (future frigates) programs



# Financial results

# STRONG GROWTH

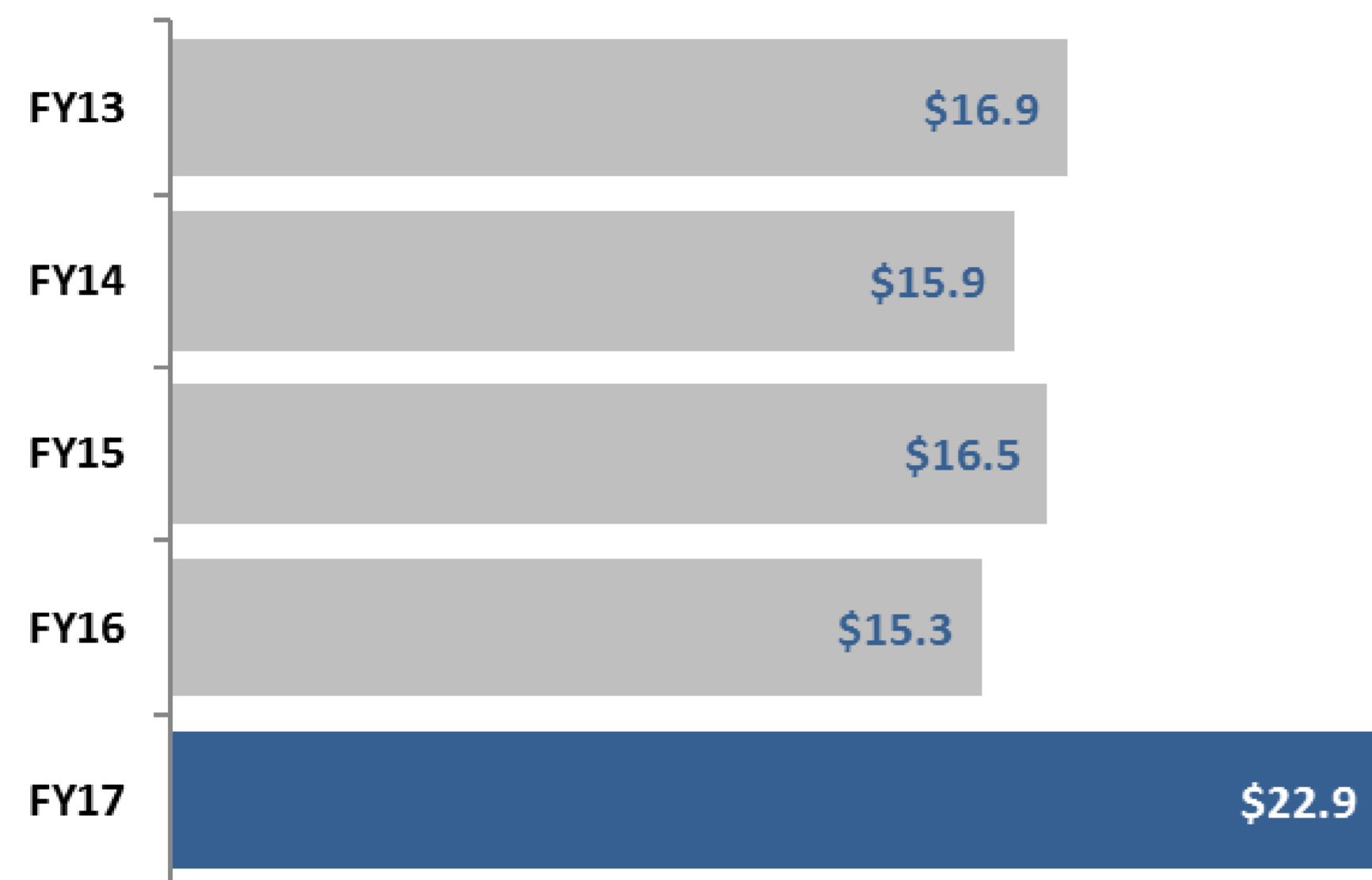
Underlying business performance	FY15	FY16	FY17
	\$m	\$m	\$m
Revenue	\$143.9	\$169.5	\$226.1
<i>Underlying business performance</i>			
EBITDA	\$29.9	\$41.9	\$75.6
EBIT	\$19.3	\$29.2	\$61.5
Net interest	(\$2.5)	(\$1.7)	(\$0.8)
Net profit before tax	\$16.8	\$27.5	\$60.7
<b>Underlying net profit after tax</b>	<b>\$12.7</b>	<b>\$21.1</b>	<b>\$44.7</b>
<b>Statutory net profit after tax</b>	<b>\$12.4</b>	<b>\$15.5</b>	<b>\$43.5</b>
<i>EBITDA margin</i>	21%	25%	33%
<i>NPAT margin</i>	9%	12%	20%

- Profit margins increased due to strong gross margins in Metal Detection and improved expense ratios on higher FY17 sales
- Operating expenses broadly in line with prior year
  - First full year of Mawson Lakes lease cost
  - Higher variable costs due to increased sales and profitability
- Net interest expense decreased as debt was paid off over the year
- Write-down of Newton property of \$1.2 million in FY17

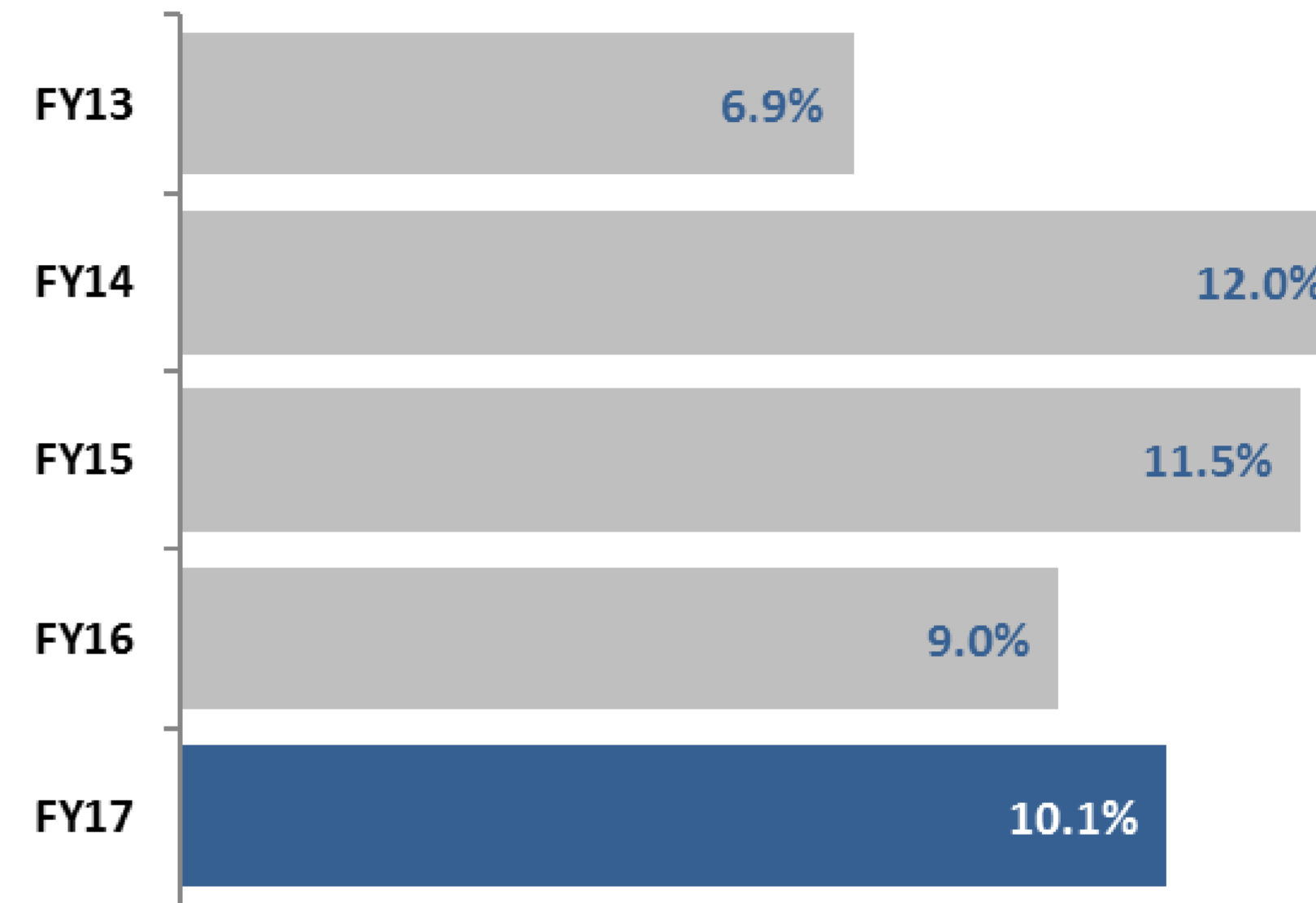
# ENGINEERING INVESTMENT

## CONTINUING TO INVEST IN OURSELVES

Engineering spend (\$m)



Engineering spend (% sales)



- High FY17 investment due to additional \$5 million spend on LMR Cascade platform (facilitating the transition to a communications solutions provider)
- FY18 budget similar to FY17 as we invest heavily across all 3 divisions
- Engineering investment drives future growth
- Fundamental to our strategy of growing the base business



# BALANCE SHEET

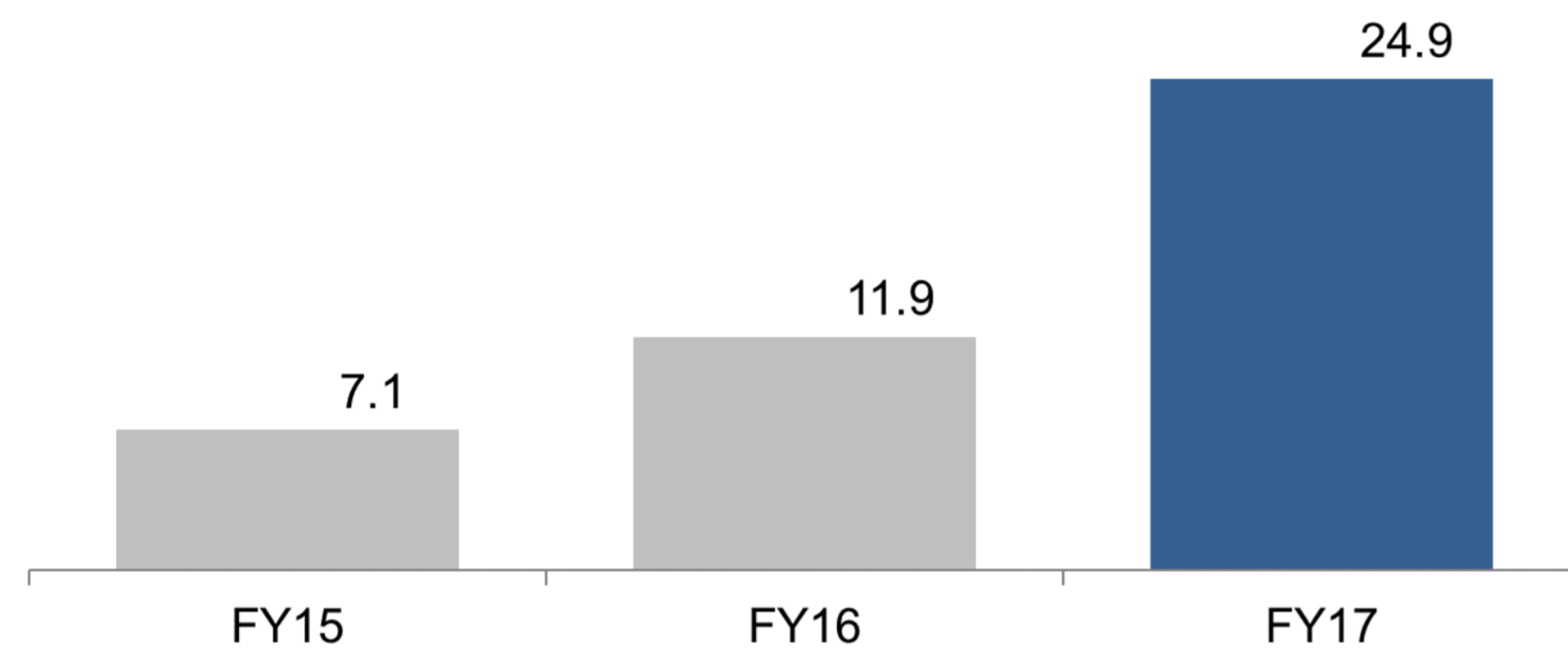
## Strong balance sheet

- \$76 million cash generated from operations as increased profitability converted to cash
- Debt-free, \$21 million net cash position
- Debt facility reduced from \$85 million to \$55 million
- Increased Other liabilities relates to FY17 tax liability to be paid in Dec 2017

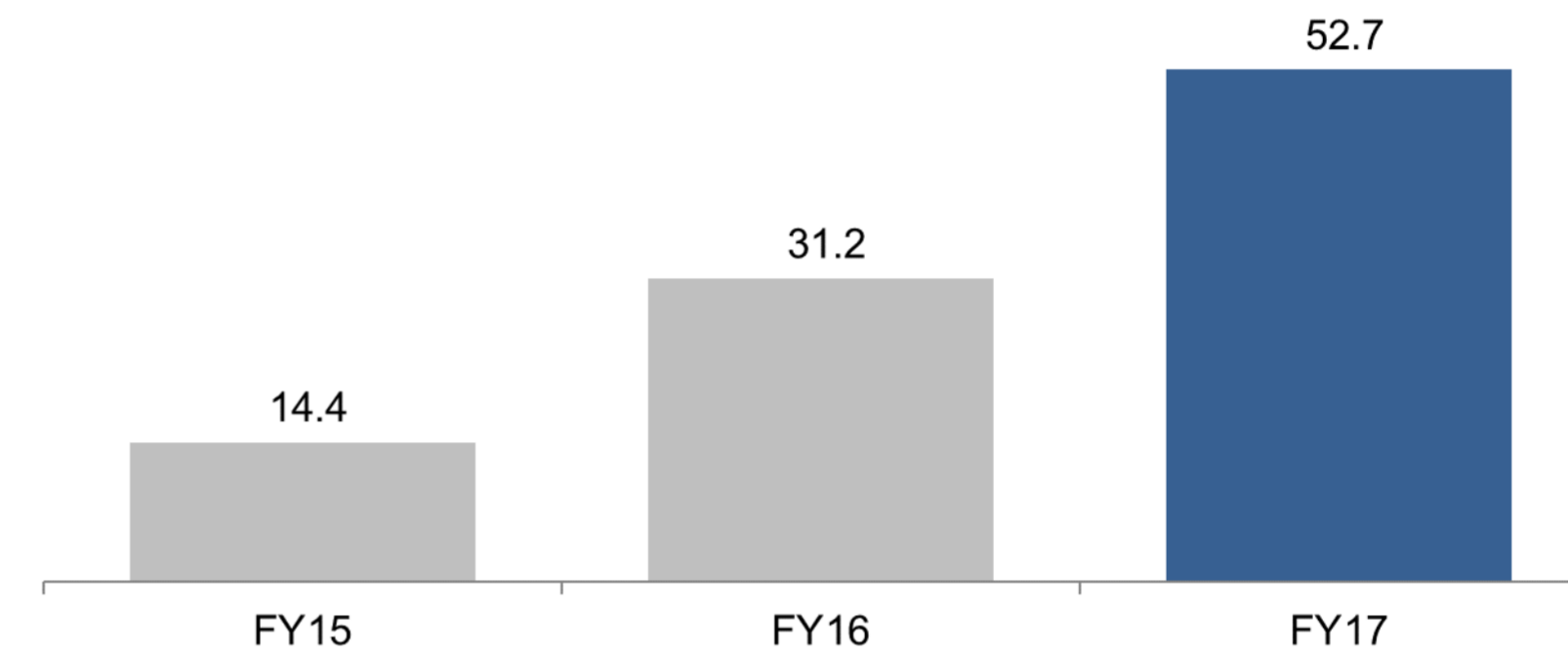
	Jun-16	Dec-16	Jun-17
	\$m	\$m	\$m
Receivables	\$19.1	\$15.5	\$20.6
Inventories	\$28.5	\$33.7	\$31.0
Payables	(\$30.4)	(\$28.1)	(\$36.6)
<b>Total working capital</b>	<b>\$17.1</b>	<b>\$21.2</b>	<b>\$15.0</b>
Property, plant & equipment	\$15.8	\$16.1	\$15.7
Product development	\$45.3	\$50.0	\$54.2
Intangible assets	\$87.6	\$87.2	\$86.2
Other assets	\$1.8	\$1.7	\$3.5
Other liabilities	(\$16.2)	(\$22.4)	(\$31.1)
<b>Net assets before cash/debt</b>	<b>\$151.5</b>	<b>\$153.8</b>	<b>\$143.6</b>
Net cash (debt)	(\$12.6)	\$0.4	\$21.4
<b>Net assets</b>	<b>\$138.9</b>	<b>\$154.2</b>	<b>\$165.0</b>

# KEY RATIOS

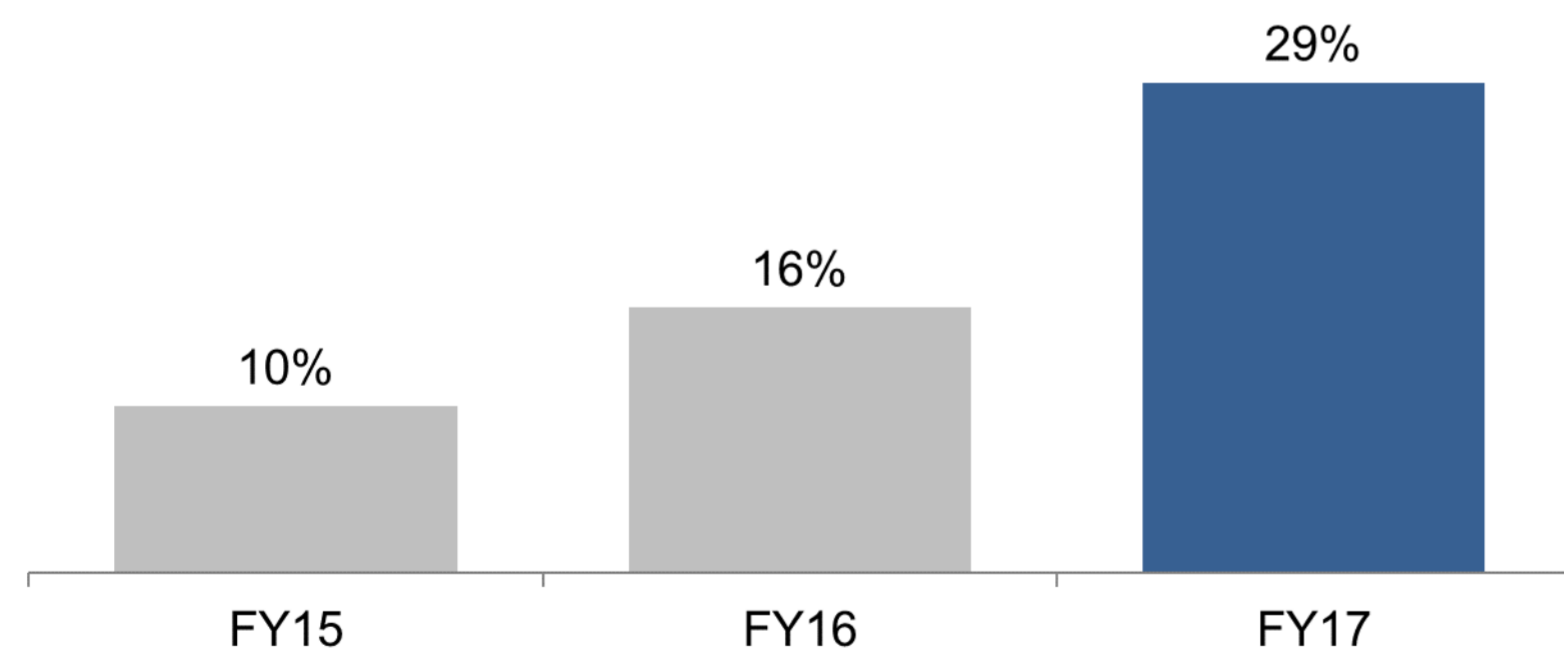
Underlying earnings per share (cents)



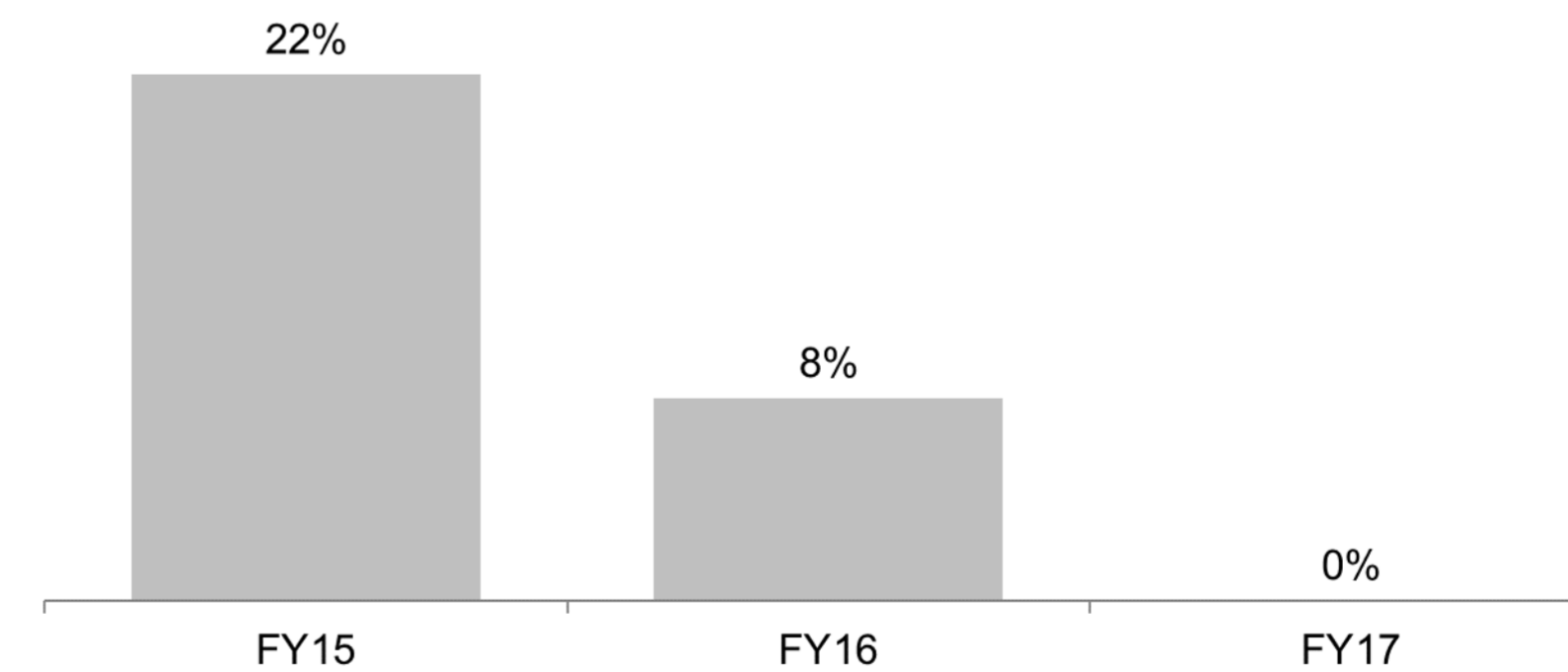
Free cash flow (\$m)<sup>2</sup>



Return on equity (%)<sup>1</sup>



Gearing (%)<sup>3</sup>



<sup>1</sup>Return on equity calculated as underlying net profit after tax divided by total equity

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

<sup>3</sup>Gearing = net debt / net debt plus equity, net cash position of \$21 million as at 30 June 2017

# OUTLOOK FY18

- Base business:
  - Sales in range of \$160 million to \$180 million
  - NPAT in range of \$20 million to \$25 million
- Performance above base level recognised by special dividends
- Initiatives underway to grow base business:
  - New product releases
  - Enter adjacent markets
  - Partner and collaborate
- Too early to know whether demand for gold detectors or large HF projects will push us above the base business
- Business update at AGM on October 25<sup>th</sup>