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**ASX ANNOUNCEMENT  
2017 ANNUAL GENERAL MEETING  
25 OCTOBER 2017**

**CHAIRMAN'S ADDRESS TO SHAREHOLDERS**

Good morning ladies and gentlemen. I am pleased to welcome you to the 14th Annual General Meeting of Codan as a public company.

When I first addressed you as Chairman in October 2015, I said that Codan was likely to disappoint on the downside from time to time and was also likely to occasionally surprise on the upside. This year was one in which we did surprise on the upside, and it was totally appropriate that we were able to reward shareholders via the payment of two special dividends totalling 6 cents per share. In his address, Donald will explain in some detail what contributed to this outperformance and, perhaps more importantly, he will provide an update on trading for the current year.

We remain committed to broadening and enhancing our product range so that our addressable markets are increased. Our free cash flow has allowed us to support this objective via higher than historical levels of investment in new product development, which will continue again this year. Our operating businesses have all been challenged with achieving profitable growth, and there is also the possibility of growth via acquisition. We will always look at acquisition opportunities, but they are not our number one priority. We are also very mindful of our Australian shareholder base and the importance of our ability to pay fully franked dividends.

Acknowledging risk and then ensuring that appropriate risk mitigation strategies are in place are two of the most important roles carried out by any company board. Significant management and external resources continue to be applied to test and enhance our systems to protect against cyber and other attacks, which could ultimately compromise our intellectual property. We will remain vigilant in this regard. We also identified that we could have become disadvantaged in the US market versus a domestic US supplier, given the increased emphasis on "made in America" following the recent change in presidency there. I am pleased to report that we have resolved this issue, as we are now able to manufacture key Radio Communications products in the US.

We do business in some of the most difficult countries in the world where levels of bribery and corruption are commonplace. We have a "zero tolerance" policy to such activities. This has been reinforced with enhanced levels of training and education during the year. We have also modified our remuneration policy effective 1 July this year so that 10% of all Long Term Incentive share awards are held in escrow and subject to forfeiture in the event of non-compliance with corporate policies, breach of duties etc. We will set out the full details of these changes in next year's annual report.

We have a much more robust business today compared to 2013 when we last achieved these levels of profitability. We have good discipline, rigour and urgency in our new product development activities and we have improved the quality and capabilities of our sales and management team. In addition, the market and our shareholders now understand that we have a base-level business that we are investing in to grow over time. This year, we are budgeting to achieve a base-level profit year, with the second-half results expected to be stronger than the first half, as has traditionally been the case.

Thank you for your interest and investment in Codan.

Please now welcome your Managing Director, Donald McGurk, who will talk in some detail about the performance of the business in FY17 and share with you some of our initiatives for FY18.

*David Simmons*  
*Chairman*

## **CHIEF EXECUTIVE OFFICER'S ADDRESS TO SHAREHOLDERS**

Good morning and welcome to our facility. I would like to expand and build on David's comments, update you on the progress made across the business and talk more about our plans for the future.

FY17 was a very strong year for your company; we established the GPZ 7000® as the gold detector of choice in Africa, produced our best result in Radio Communications for eight years on the back of a number of large High Frequency Radio projects for the Middle East and Africa, and made significant progress towards scaling our Minetec tracking business.

The core of our growth strategy remains directed towards broadening our offerings to the market and ensuring that the value we deliver remains relevant, well communicated and directed at growth opportunities.

We spent more than ever in new product development last year, and this will increase again in FY18 as we continue to invest in order to diversify and grow our base-level business.

Although Codan operates across many different markets, we are clear about our core purpose and the value we bring to our customers, as we continue to develop leading-edge solutions that solve their productivity, safety and security problems.

Radio Communications had another good year, increasing both sales and profitability. We remain focused on our strategy to broaden our revenue base by transitioning to complete communications solutions. In order to complement our offering to the market and maximise the success of this transition, we are establishing partnerships and collaborations with other technology providers in areas such as interoperability, tactical VHF and Land Mobile Radio. In essence, we are expanding our technology platforms to better serve and reach attractive adjacent markets.

The introduction of the Sentry-V™ and Sentry-H™ handheld tactical radios has given us broader market appeal. These products were modelled on Codan's software-defined Envoy® HF radio, which along with the recent Stealth antenna investment, have expanded our offering to targeted military customers and are assisting our transition from a product to a solutions business.

The company accelerated development of the new Cascade™ Land Mobile Radio product platform in order to grow that part of the business. We released Cascade™ to the market in July 2017 and plan to release further features during the course of FY18. We now offer the most innovative, flexible and cost-effective proposition for sophisticated and custom solutions.

Turning to our metal detecting business, our strategy is to continually invest in new, innovative products and maintain our competitive advantage across recreational, gold mining and landmine clearance segments of the handheld detector market. At the same time, we are expanding our international distribution and routes to market.

While all parts of the Minelab business performed well, the growth was dominated by gold detector sales. The new GPZ 7000® has exceeded our expectations, particularly in Africa where the product has gained a reputation for being the best gold detector in the world due to its superior performance.

The newly released Gold Monster® was developed to fill a gap in our product range and provide an entry-level detector specifically designed for the African market. Initial demand has been strong.

We remain confident in the future success of our gold detector business in Africa. We have the world's best gold detecting technology, we are outperforming our competitors on new product development by an order of magnitude and our key intellectual property remains well protected.

Minelab's established recreational markets outside Africa have also performed well, with sales into developed markets increasing across Australia, North America and Europe by more than 20% collectively.

Within weeks, we will launch a significant new product, the Equinox®, which is designed for the mainstream coin and treasure market. This product introduces a ground-breaking new technology, which enables the detectorist to find even more targets by operating in 'simultaneous multi-frequency' mode. No other detector in the world can operate as quickly while scanning multiple frequencies automatically, and this has proven to significantly improve detector performance.

We continue to fast-track development of our next generation dual-sensing countermine detector, which incorporates metal detection with ground-penetrating radar and is expected to bring sales opportunities from the Australian and other allied armies from FY19 onwards.

While we are confident of continued success in FY18, the unpredictable nature of our sales into Africa makes forecasting difficult.

The Minetec tracking and solutions business is fast gaining a reputation with some of the world's largest companies in the mining industry. It has taken time, but we are now starting to get the message across and demonstrate that Minetec has the most accurate underground tracking solution in the world, capable of tracking assets to within a metre. We have deployed our high-precision tracking and task management system into a number of operational mines, and it is proving to be very successful at unlocking productivity gains for our customers.

This has led to an increased level of interest from miners and large equipment suppliers as the message of our success continues to spread throughout the industry. Every site is a reference site.

We continue to pursue opportunities that will scale the Minetec business, and these include forming strategic partnerships and collaborations with major suppliers to the mining industry.

Codan has a long history of supplying the defence sector, with the company's HF radio systems and landmine detectors used by military organisations worldwide.

Our core competency in radio and sensor design, coupled with the government's 'Australian content' policy, puts us in a good position to supply the large defence primes in support of their bids for upcoming projects.

We continue to build a pipeline of future opportunities, however defence contracts have long sales cycles and, as a result, we have not planned for significant sales in FY18.

Given the strength of the balance sheet, we are also reviewing our options to consider 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.

Our performance in FY17 was significantly stronger than in the previous year and, as David has said, we were able to surprise on the upside, for which special dividends were paid to shareholders.

The Board and Management have gone to great lengths to better communicate with the market and explain the nature of our business. There are significant elements of our business that are more predictable and sustainable from a sales perspective. We continue to work hard to grow our base-level revenues in order to create a solid foundation and the opportunity for HF projects and gold detector sales to surprise on the upside.

We have stated that we expect our base-level revenue to be in the range of \$160 to \$180 million and, at these levels, we expect to deliver a net profit after tax in the range of \$20 to \$25 million.

We have made a good start to the year, with our first-quarter result at the high end of our quarterly base-level sales and profit range.

With a range of new products, supported by an even stronger sales team and a growing sales pipeline, we expect Radio Communications to deliver another solid performance in FY18.

The metal detecting season in Africa is just beginning, and we are starting to see signs that detectorists are returning to the gold fields. Our metal detecting business has never been in better condition. We have the best products in the world and have just released the Gold Monster® and are about to release the Equinox®.

Minetec is gaining traction and is starting to deliver real value to its growing customer base as we continue to pursue options to scale this business.

To summarise, Codan has been working hard to strengthen and grow the business over the past three years, and we continue to do what we say we will do. Your business has never been in better shape, and we have a well-developed strategy for future growth, primarily based on leveraging our core products business and accessing attractive markets by providing complete systems and solutions.

Finally, on behalf of the Board, I would like to acknowledge the significant contribution of our people and thank each one of them for the part they played in delivering what was an outstanding result last year.

*Donald McGurk*  
*Managing Director & CEO*