

INNOVATION WHEREVER YOU ARE

Management Briefing & Site Tour Presentation

23 May 2019

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INTRODUCTION & BUSINESS OVERVIEW

Donald McGurk

Managing Director & CEO

Michael Barton

CFO & Company Secretary

CODAN

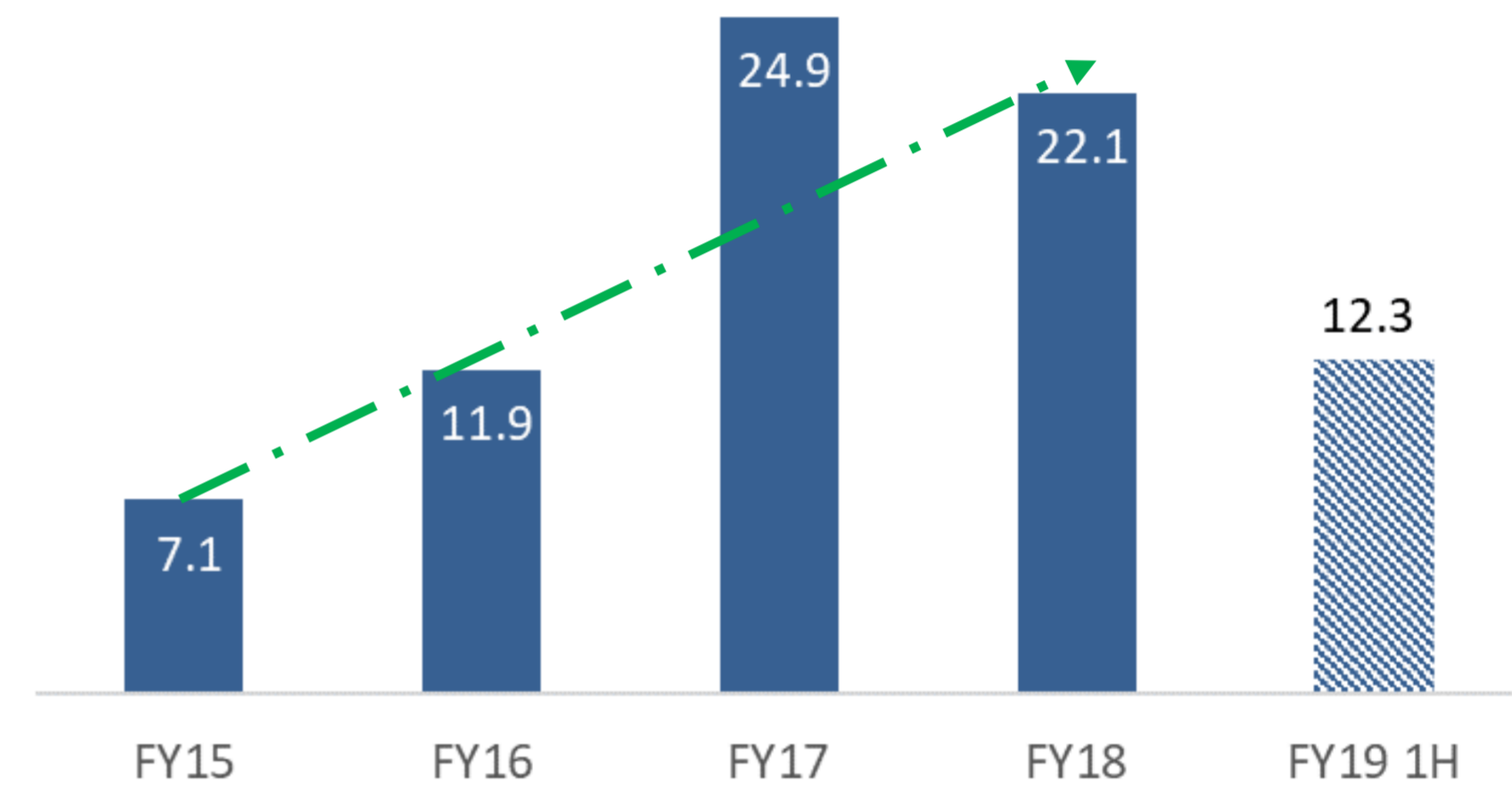


Our **Purpose** is to create long-term shareholder value through the design, development and manufacture of innovative technology solutions

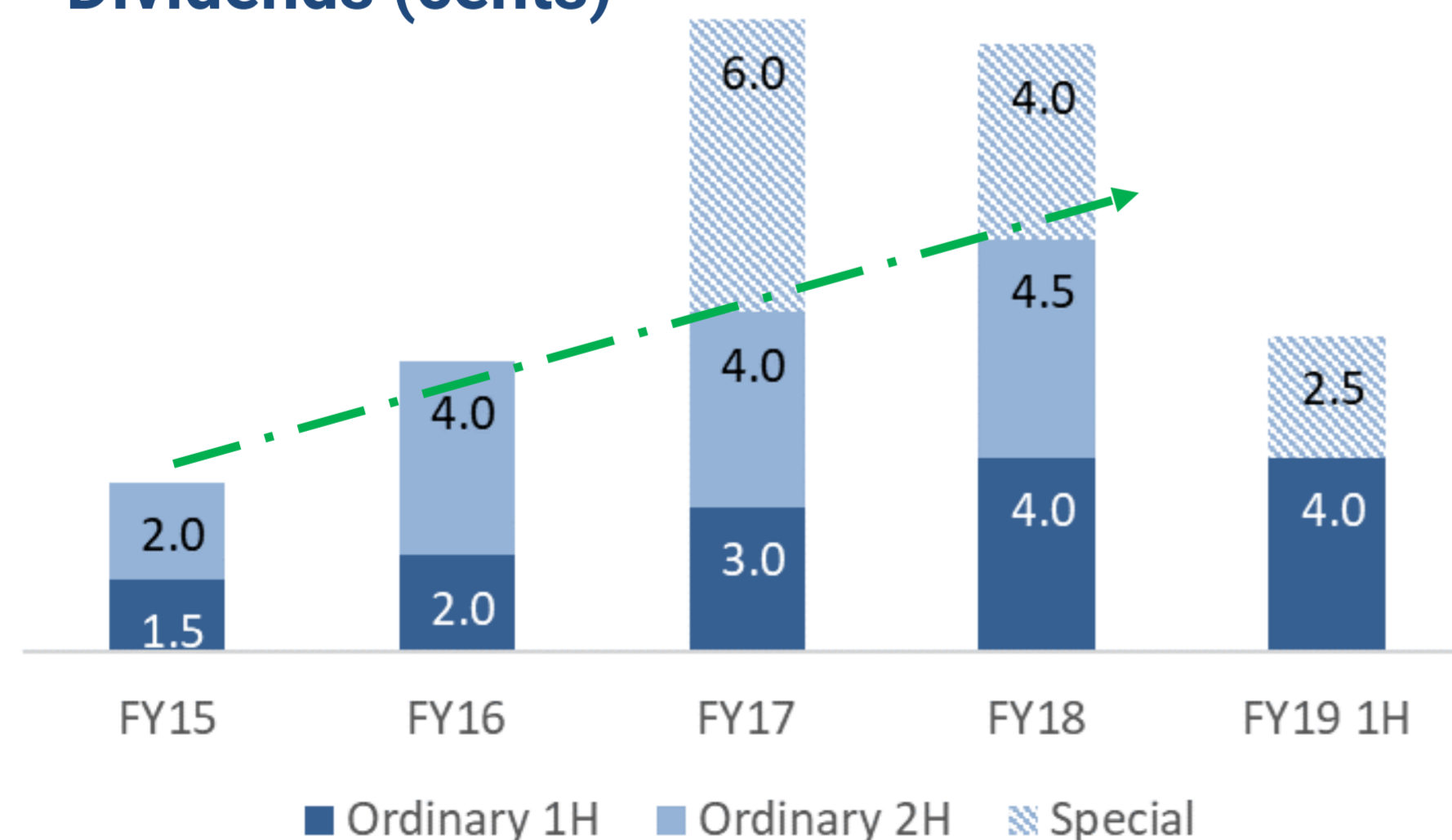
STRONG SHAREHOLDER RETURNS

- ▶ Tripled full-year underlying EPS since FY15
- ▶ 21% average return on equity
- ▶ Total Shareholder Return 277% over 3 years*
- ▶ Regular, increasing ordinary dividends
- ▶ 50% dividend payout ratio
- ▶ Outperformance rewarded with special dividends

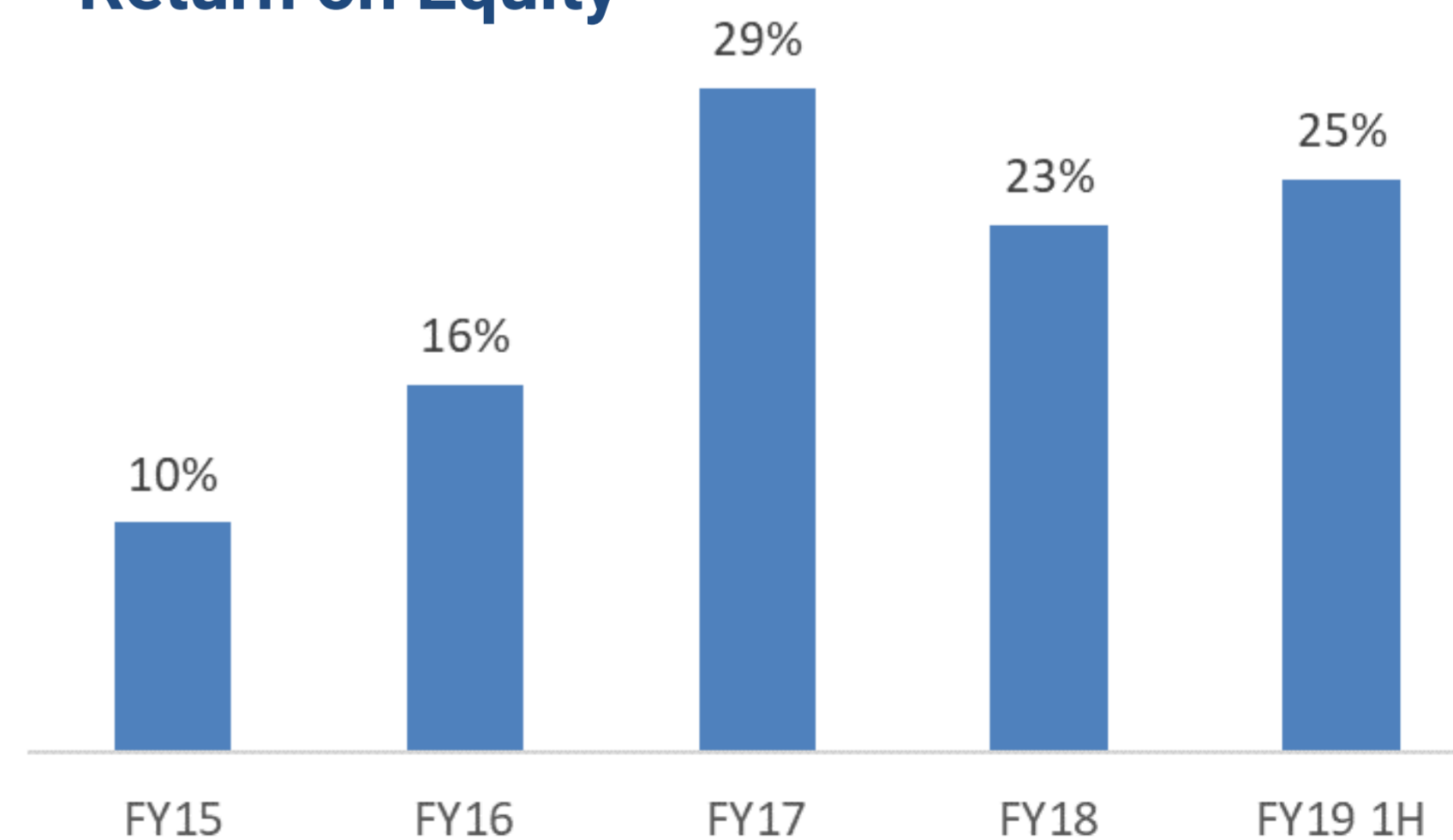
Underlying Earnings per Share (cents)



Dividends (cents)



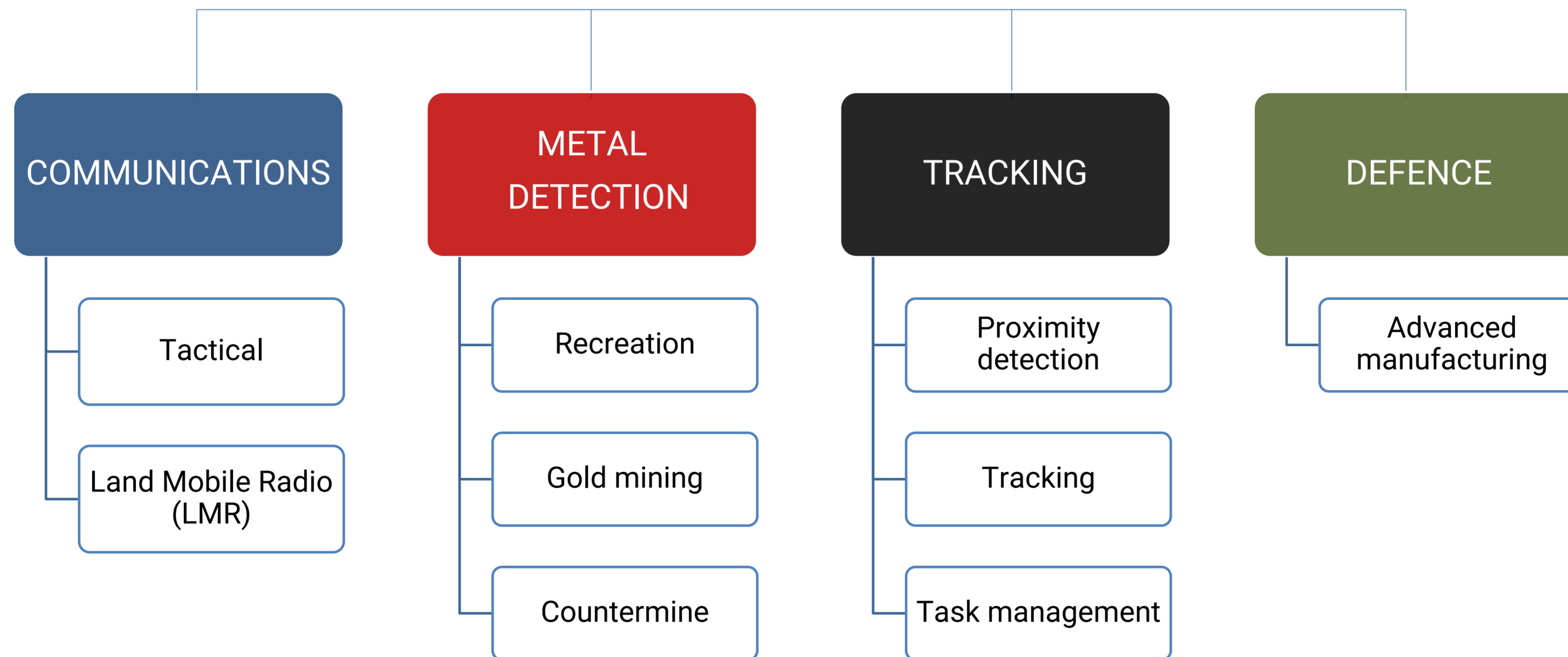
Return on Equity



* to 30 April 2019, assuming reinvested dividends.

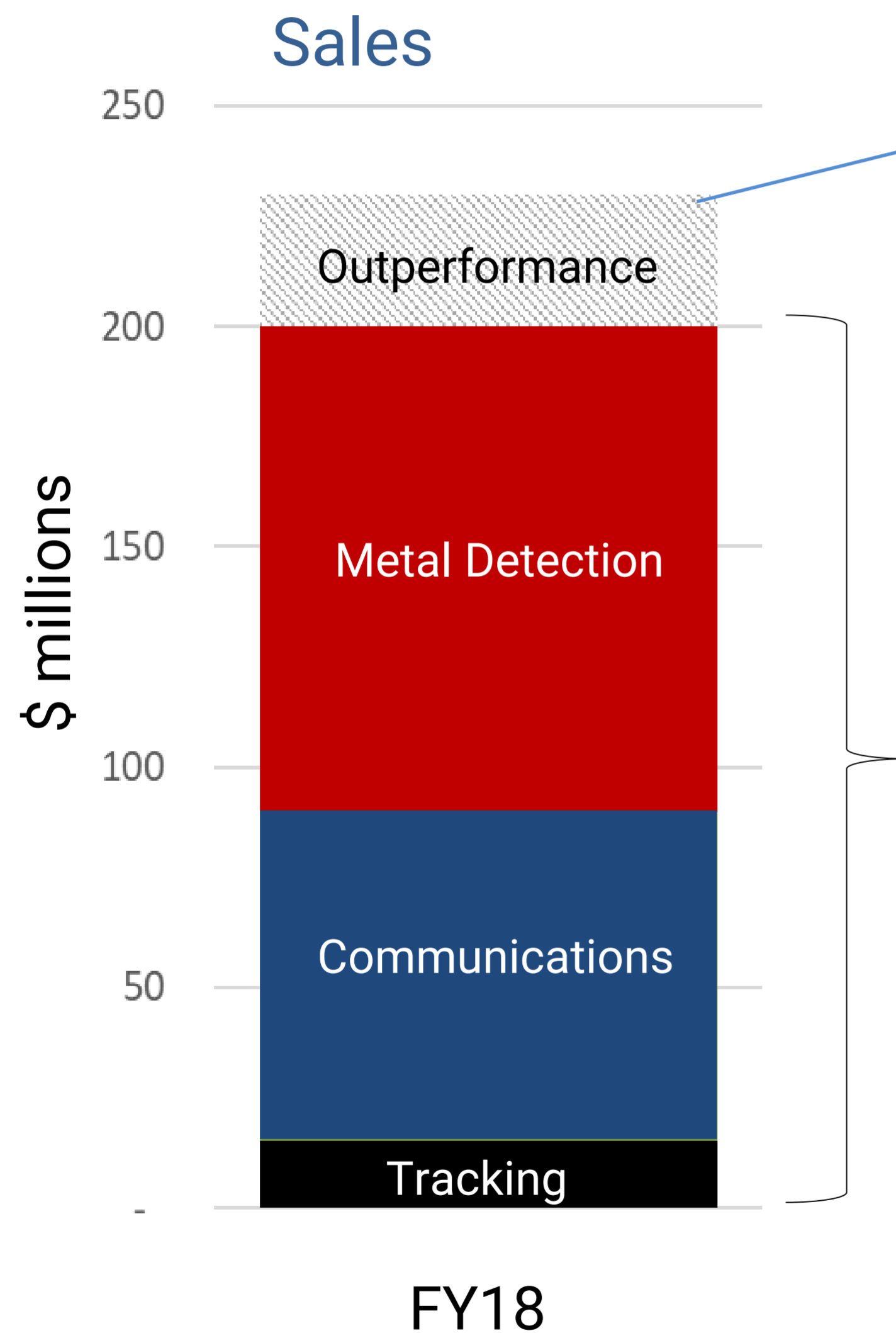
BUSINESS UNITS

A portfolio of innovative technologies for global markets



BASE BUSINESS

Sales \$180-200 million, NPAT \$25-30 million



Outperformance can occur during periods of stronger demand for gold detectors in Africa and large communications projects

Base Business sales are comprised of:

- ▶ Metal Detectors for recreational markets, countermine and a level of gold detector sales \$110 million
- ▶ Communications Solutions for Tactical and LMR markets \$65-75 million
- ▶ Tracking Solutions for underground mines \$10-15 million

Base business will be re-evaluated as part of full-year reporting

STRATEGY

Diversify revenues, grow the base business

COMMUNICATIONS

- ❑ Increase Tactical Military market share by transitioning from a product to a full solutions provider, incorporating strategic partnerships that complement our core product range
- ❑ Complete Cascade LMR development by FY21, a software-defined VHF P25 base station/repeater for networked communications solution

METAL DETECTION

- ❑ Maintain dominant market position through continual product innovation
- ❑ Grow addressable markets through geographic and channel expansion

TRACKING

- ❑ Leverage Caterpillar distribution to significantly scale this business

DEFENCE

- ❑ Win long term contracts and build a complementary business unit that utilises existing manufacturing capacity

ACQUISITIONS & PARTNERSHIPS

- ❑ Bolt-on acquisitions or an aligned technology that could stand alone
- ❑ Strategic partnerships that complement our solutions or provide geographic expansion

GLOBAL FOOTPRINT

Customers in 150 countries, exporting around 85% of sales



INNOVATION IS AT OUR CORE

*“Continued Innovation is
the best way to
beat the competition.”*

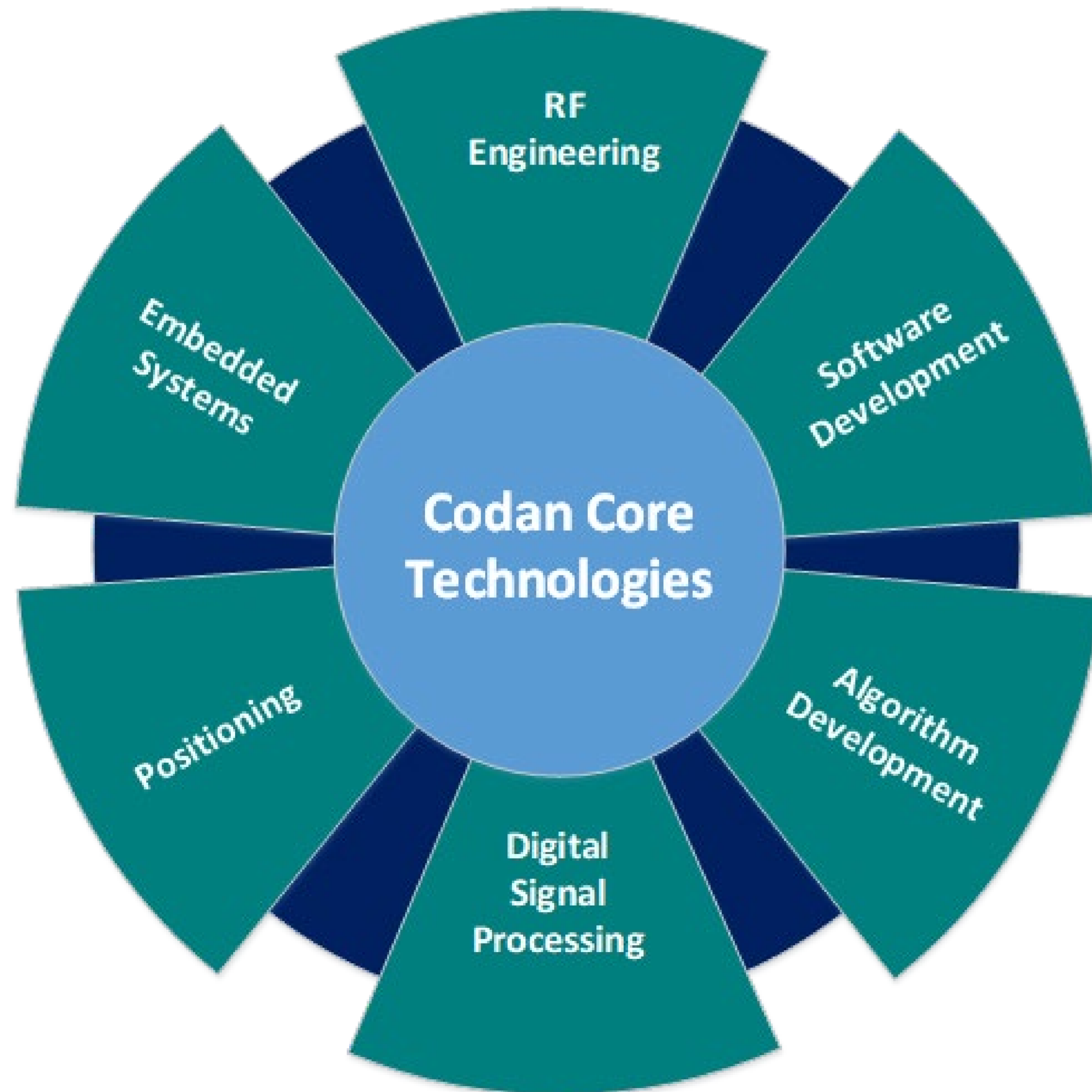
/ THOMAS EDISON

*“If you always do
what you always did,
you will always get
what you always got.”*

/ ALBERT EINSTEIN

CODAN CORE TECHNOLOGIES

Rugged Products, Solutions & Systems



- History of IP creation, innovation and exploitation
- Typical engineering investment: 10% of Sales
- Engineered for harsh environments

BUSINESS UPDATE

- Sales have continued to exceed our expectations in the second half
- Second half result now expected to be as strong as the first half
- Full year underlying net profit after tax expected to be in the range of \$42 million to \$45 million
- Strong balance sheet continues with \$29 million net cash position at 30 April 2019

Rory Linehan

Executive General Manager, Minetec

TRACKING SOLUTIONS

Data-driven underground mining automation

MINETEC

- Minetec: founded in 2000, acquired by Codan in 2012
- Purchased for \$6 million; invested heavily in product development
- Engineering teams in Adelaide and Perth
- Establishing distribution through Caterpillar dealer network



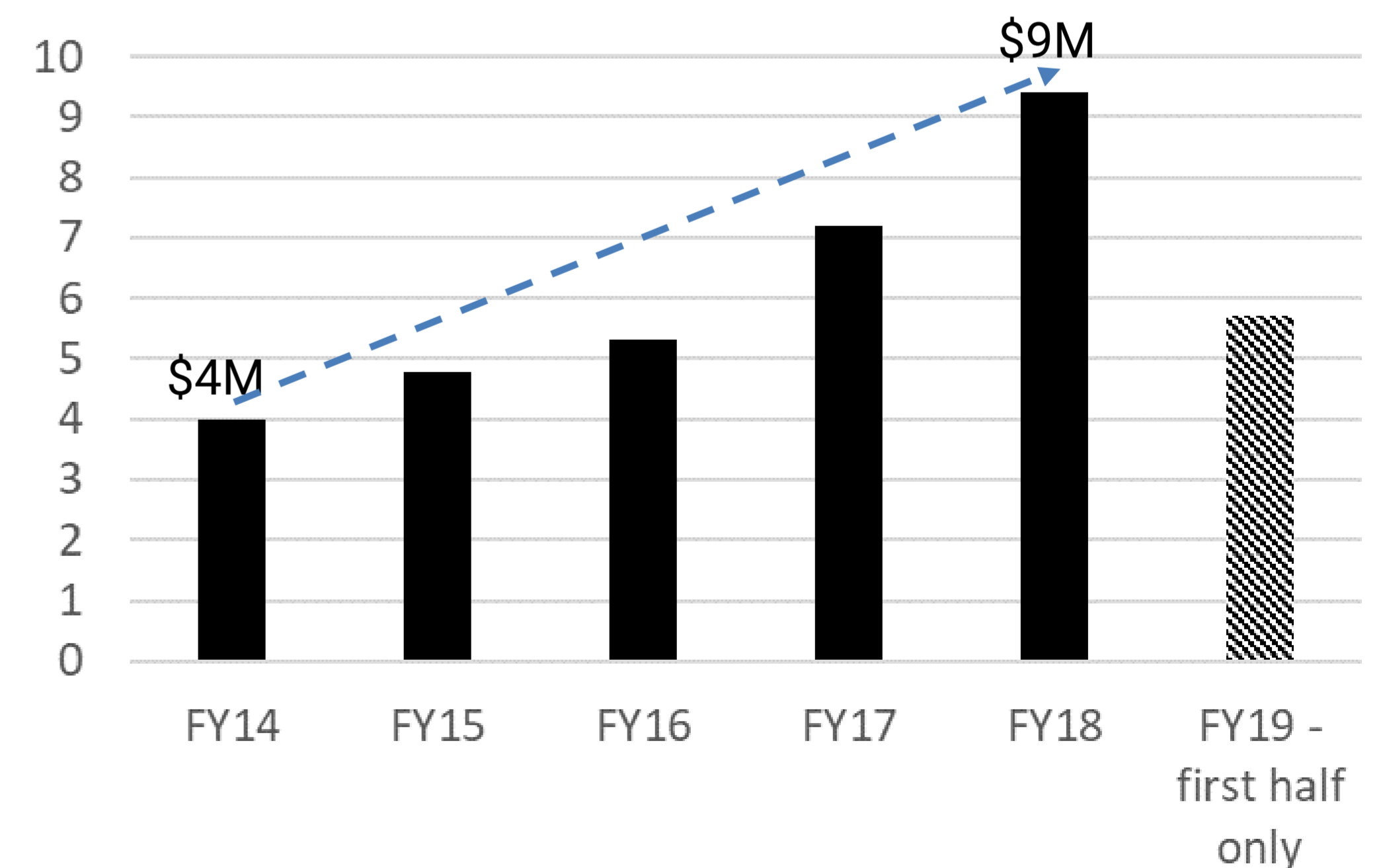
➤ Competitive advantage:

- High precision underground tracking
- Proprietary task management system
- Exclusive access to CSIRO WASP* for global mining
- Global distribution via Caterpillar dealer network

➤ Future growth:

- Leverage CAT® dealer network to grow sales
- Continue developing MineStar™ for Underground to meet requirements of Stope and Block Cave mines

Minetec sales



*WASP = Wireless Ad hoc System for Positioning

AUTONOMOUS OPERATING SYSTEM

MINETEC

Mine Maturity Model

Minetec Enabling Technologies

Level 3

Intelligent Mine

- Mine-wide information network
- Fully autonomous machines
- Process-like production
- Unmanned production process
- Remote controlled production

Level 2

Real Time Mine

- Partial network information
- Automatic processes
- Production control system
- Localisation system
- Autonomous / remote machines

Level 1

Modern Mine

- Voice communications
- Highly mechanised machines
- Some automated process
- Computer aided maintenance planning
- Computer aided mine planning

Productivity 2000 tonnes / miner

4000 tonnes / miner

7500 tonnes / miner

Vision: to deliver best-in-class autonomous operating systems to enable the transformation of underground mining

Strategic objectives:

- Deliver Olympic Dam and Tanami as our priority reference sites
- Make the Caterpillar Partnership work
- Collaborate to execute the development roadmap: MineStar™ for Underground
- Deliver tangible & sustainable end-customer benefits

CAT MINESTAR™

FOR UNDERGROUND

MINETEC

CAT® MINESTAR™ SOLUTIONS
PROVEN, SCALABLE SOLUTIONS
FOR EVERY MINE



<https://youtu.be/qN90D7APlsg>

CAT MINESTAR™ FOR UNDERGROUND

MINETEC

Integrated solution for mine operations and equipment management –
fleet management, material tracking, autonomous mining



COMMAND



FLEET



HEALTH

Existing CAT Solution



Existing Minetec Solution



for UNDERGROUND

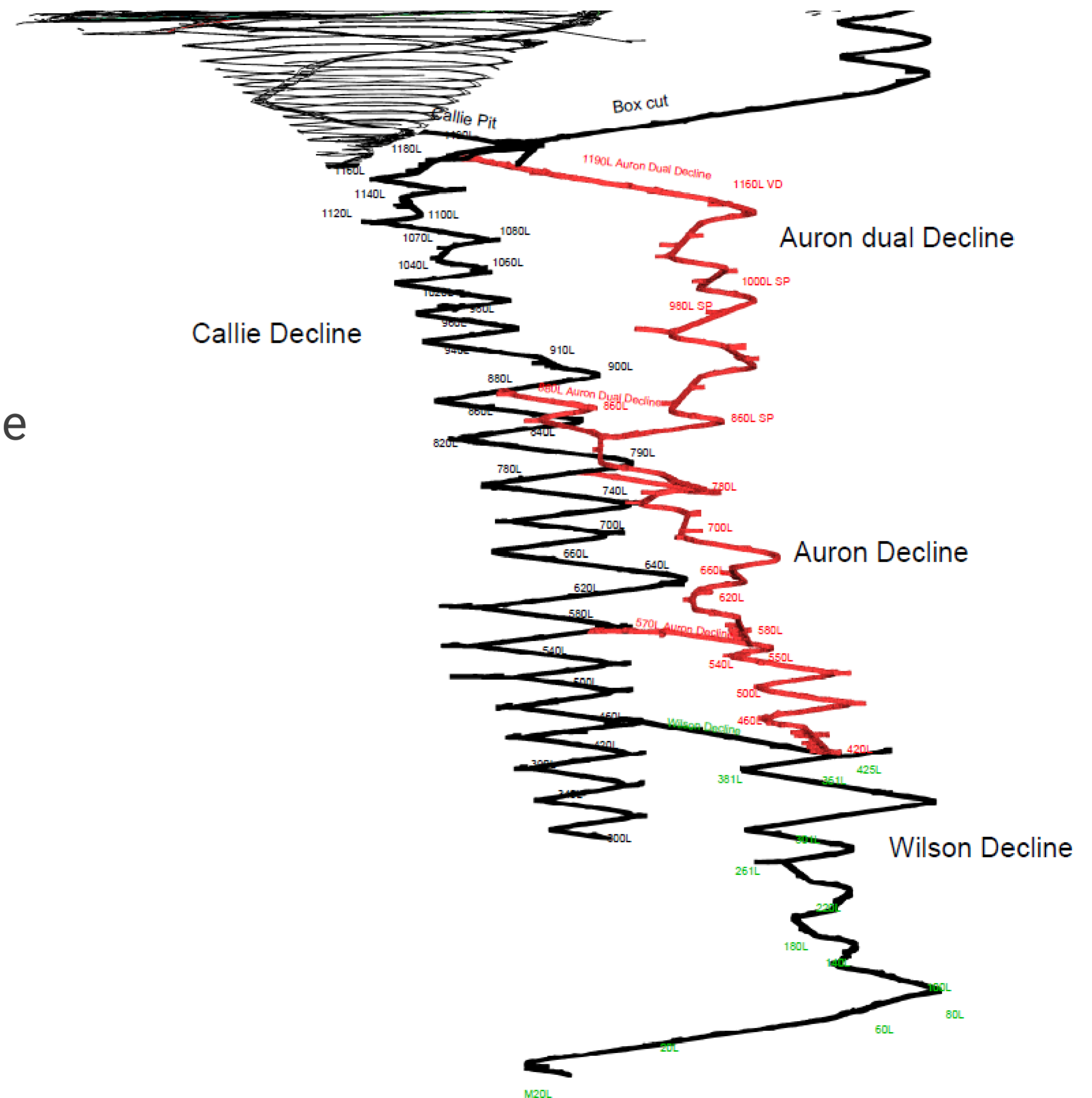
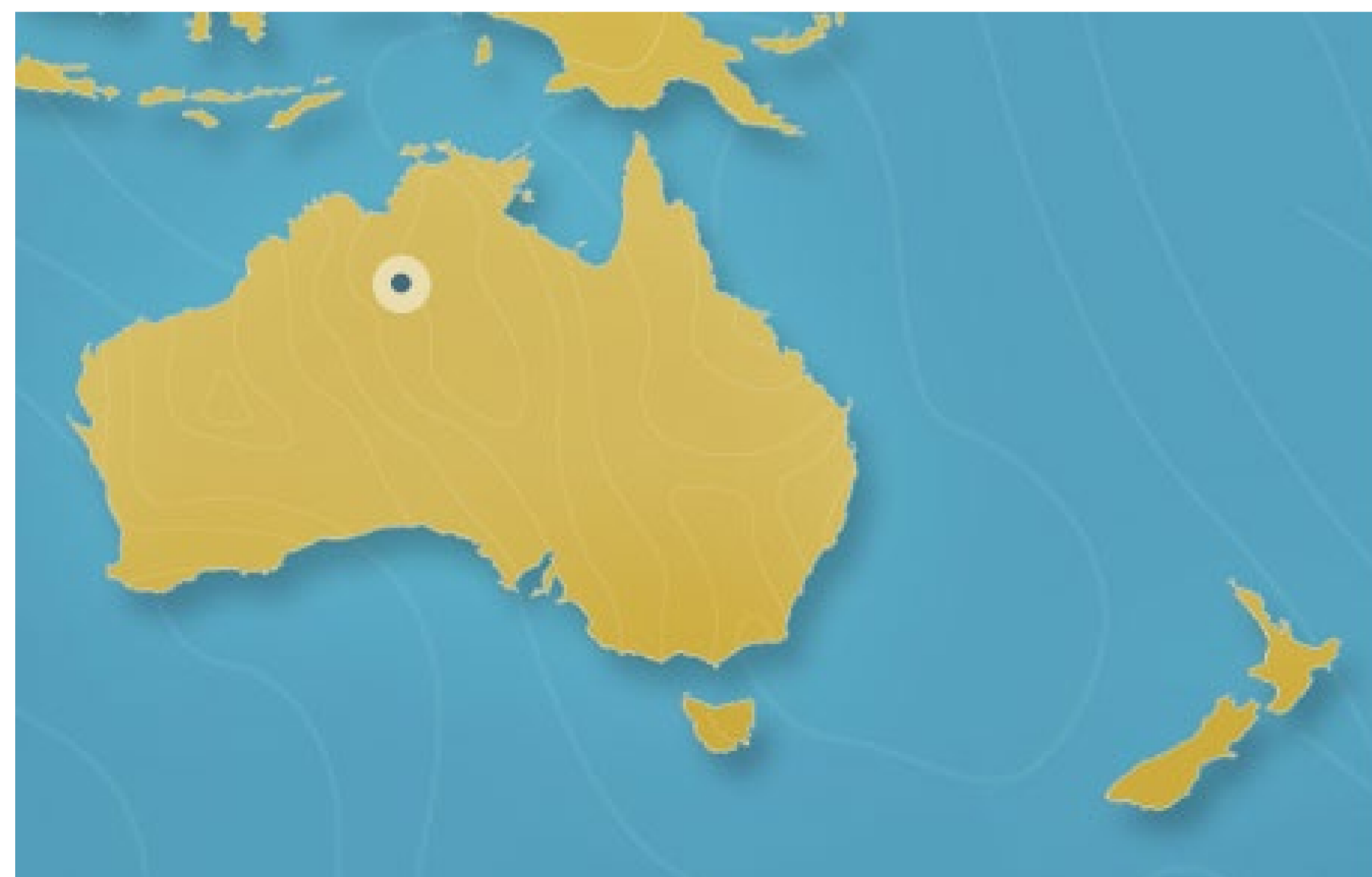
NEWMONT TANAMI

MINETEC

First trial of Minestar™ for Underground

Newmont Tanami mine:

- Gold mine (ca. US\$750m)
- 1500 people (surface and underground)
- 104 UG Machines
- 180km Tunnels
- Trial completed March 2019, validating the value proposition



FLEET MANAGEMENT SYSTEM

MINETEC

BHP Olympic Dam

- Contract awarded in May 2018: 650+ vehicles and 1000 miners
- Contract extended in December 2018 to include underground communications and tracking (Wi-Fi WASP)
- Fleet Management System incorporates:
 - Proximity detection: vehicle to vehicle & vehicle to personnel
 - Tracking visualisation: proximity awareness
 - Underground data communications
 - Production Control Room application software: task management

Olympic Dam

- 4th largest copper mine in the world
- Largest single deposit of uranium
- 1000 underground employees
- Potential expansion



COMMUNICATIONS

Paul Sangster

Executive General Manager, Tactical Communications

COMMUNICATIONS

Robust, dependable communications solutions

- Tactical and Land Mobile Radio solutions
- HF developed in-house
- Daniels Electronics (LMR) acquired by Codan in 2012
- Engineering teams in Adelaide (Tactical) and Canada (LMR)
- Offices in Adelaide, Dubai, Washington DC, Victoria Canada
- Markets: military, humanitarian, domestic security, public safety, remote land management

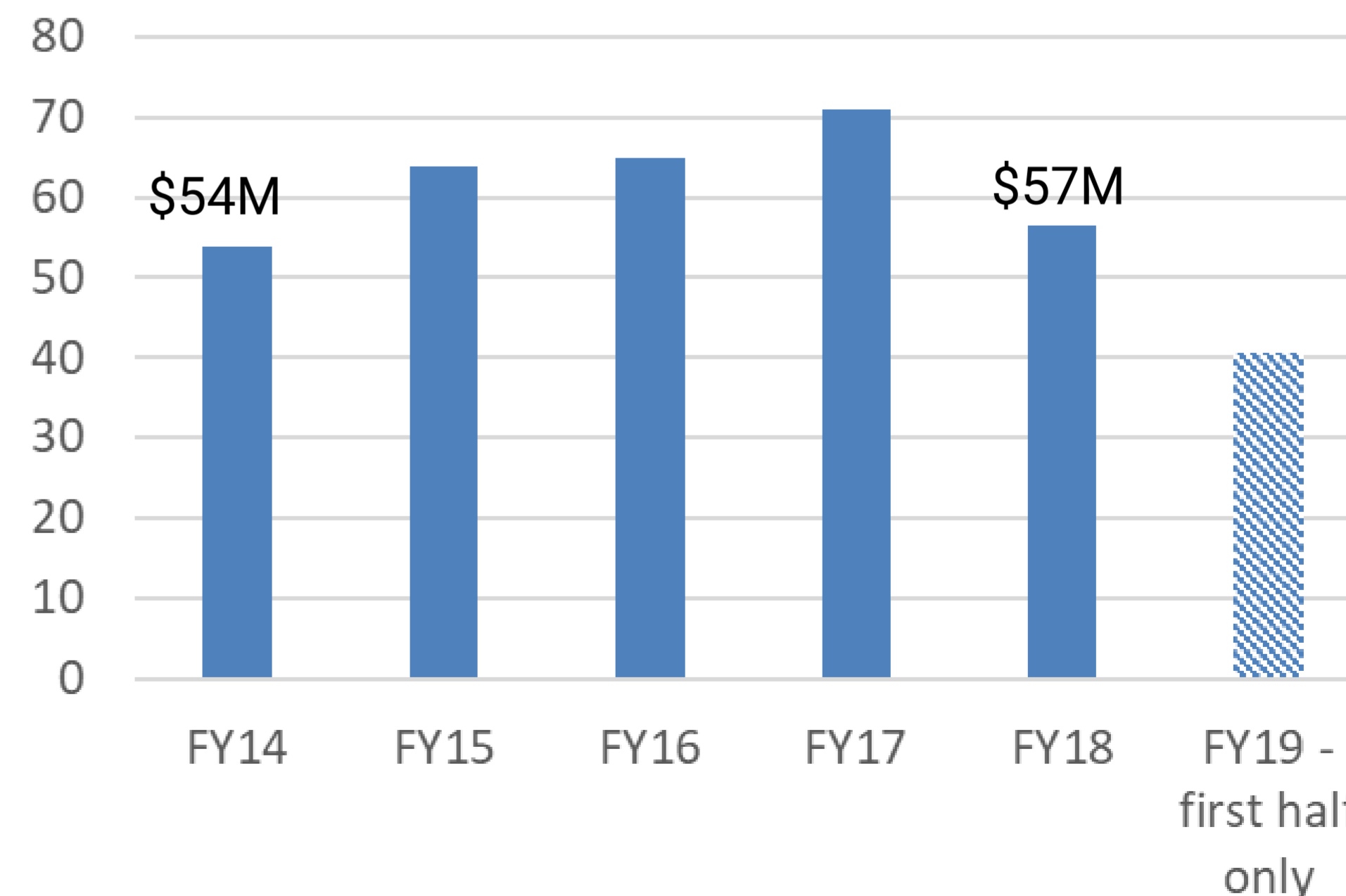
➤ Competitive Advantage:

- Harsh environment reliability
- Technical support in the field
- Lowest total cost to the customer

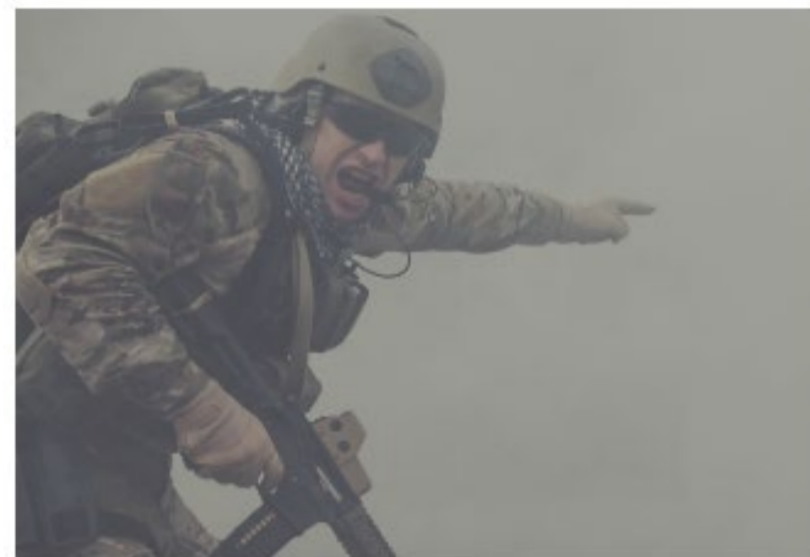
➤ Future growth:

- Transition to a full communications solutions provider
- Expanding into Tactical Military markets
- Broaden LMR systems offering – FY21

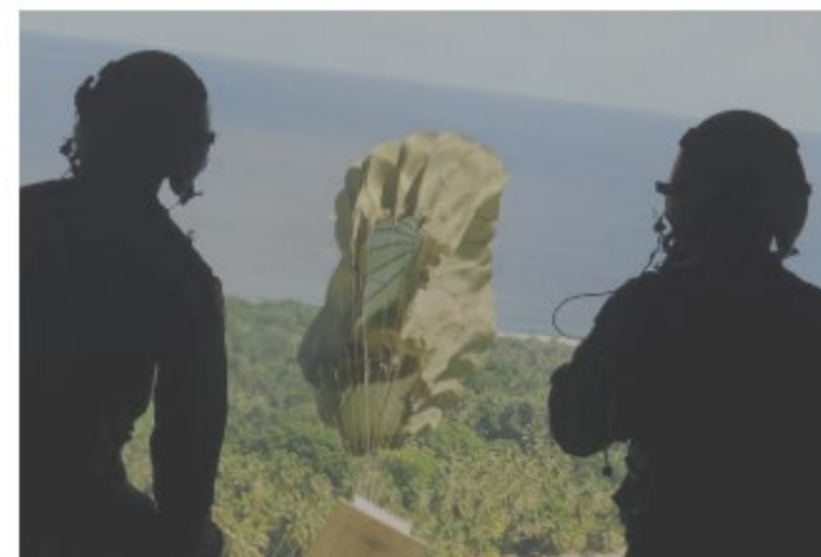
Communications sales



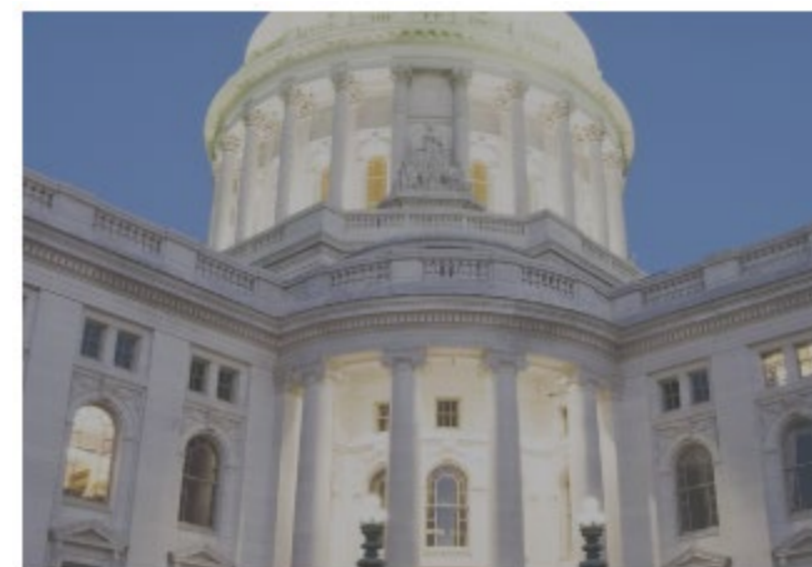
COMMUNICATIONS



Military



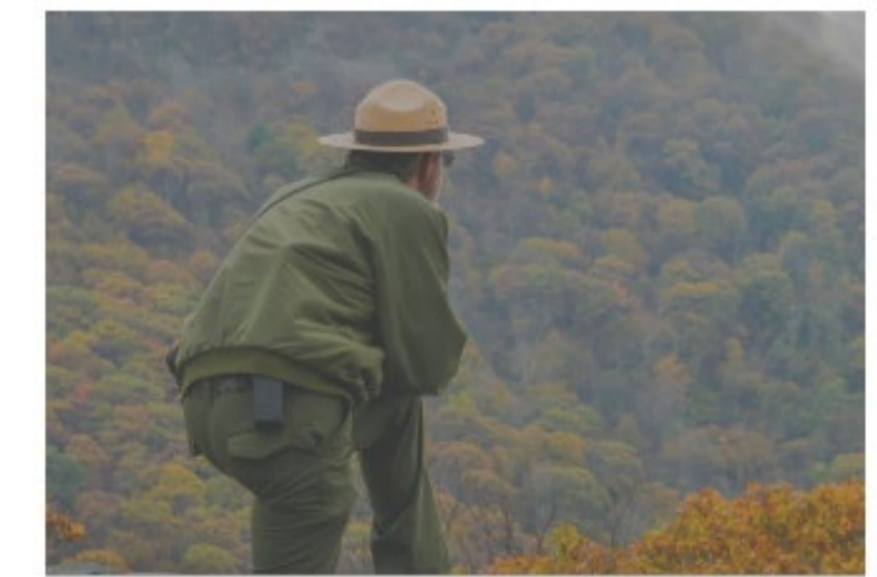
NGO's



Domestic Security



Public Safety



Remote Land Management

Tactical Communications Markets

Purpose-built communications solutions for maximum reliability and ruggedness

- ▶ Customers: developing world militaries in Africa, Middle East, Asia, Eastern Europe & Latin America
- ▶ Funding: US government funded Foreign Military Sales (FMS), EU funding
- ▶ Estimated market size:
 - ▶ USD \$500 million (HF only)
 - ▶ USD \$1.9 billion (all frequencies)

Land Mobile Radio Markets

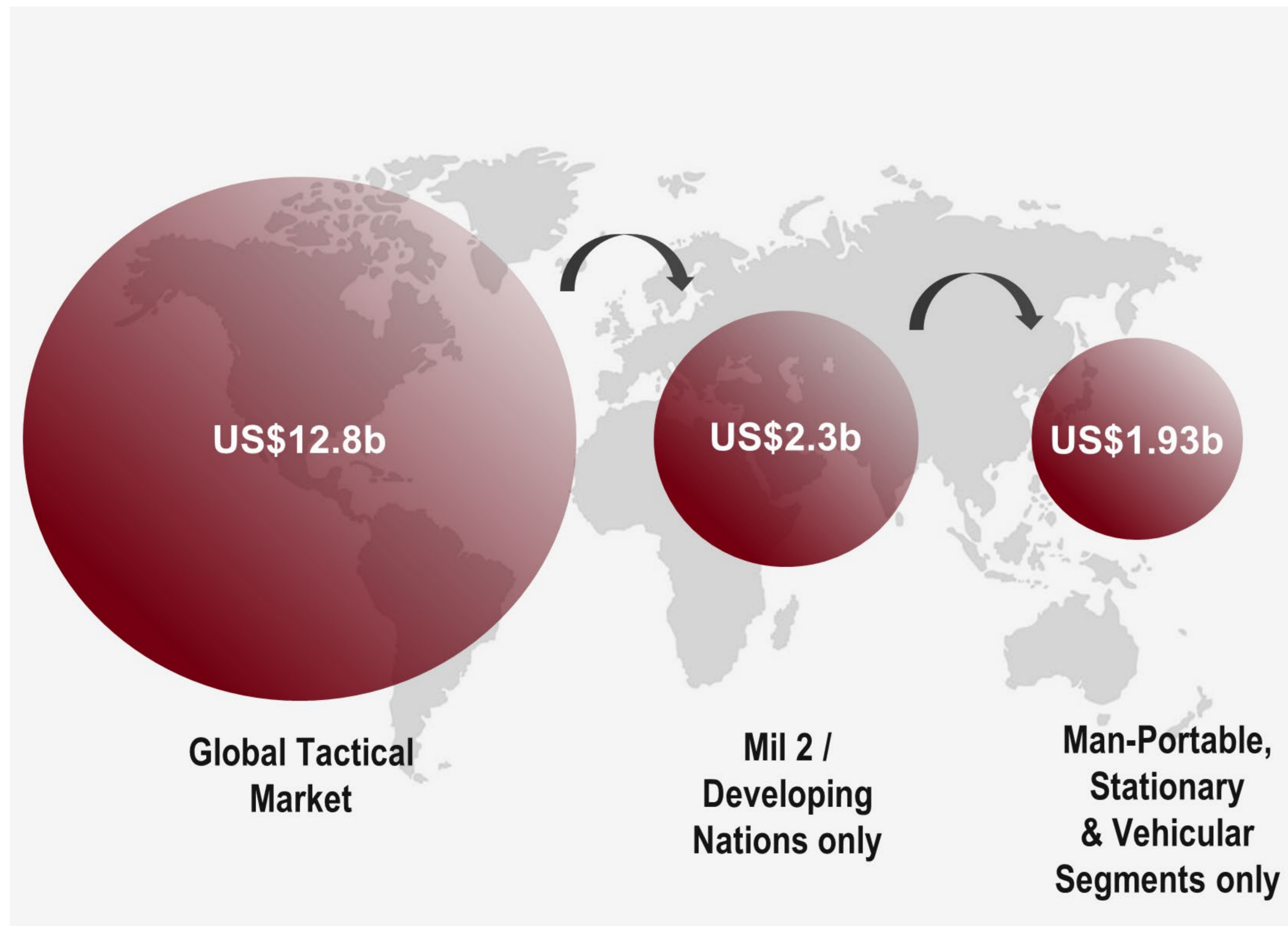
Robust, dependable wireless systems for voice and low-speed data communications

- ▶ Customers: US State and Local governments in lower density areas
- ▶ Funding: US Federal government
- ▶ Estimated addressable market size: USD \$900 million¹

TACTICAL COMMUNICATIONS

Addressable market

USD \$1.9 billion market for Man-portable, stationary and vehicular communications



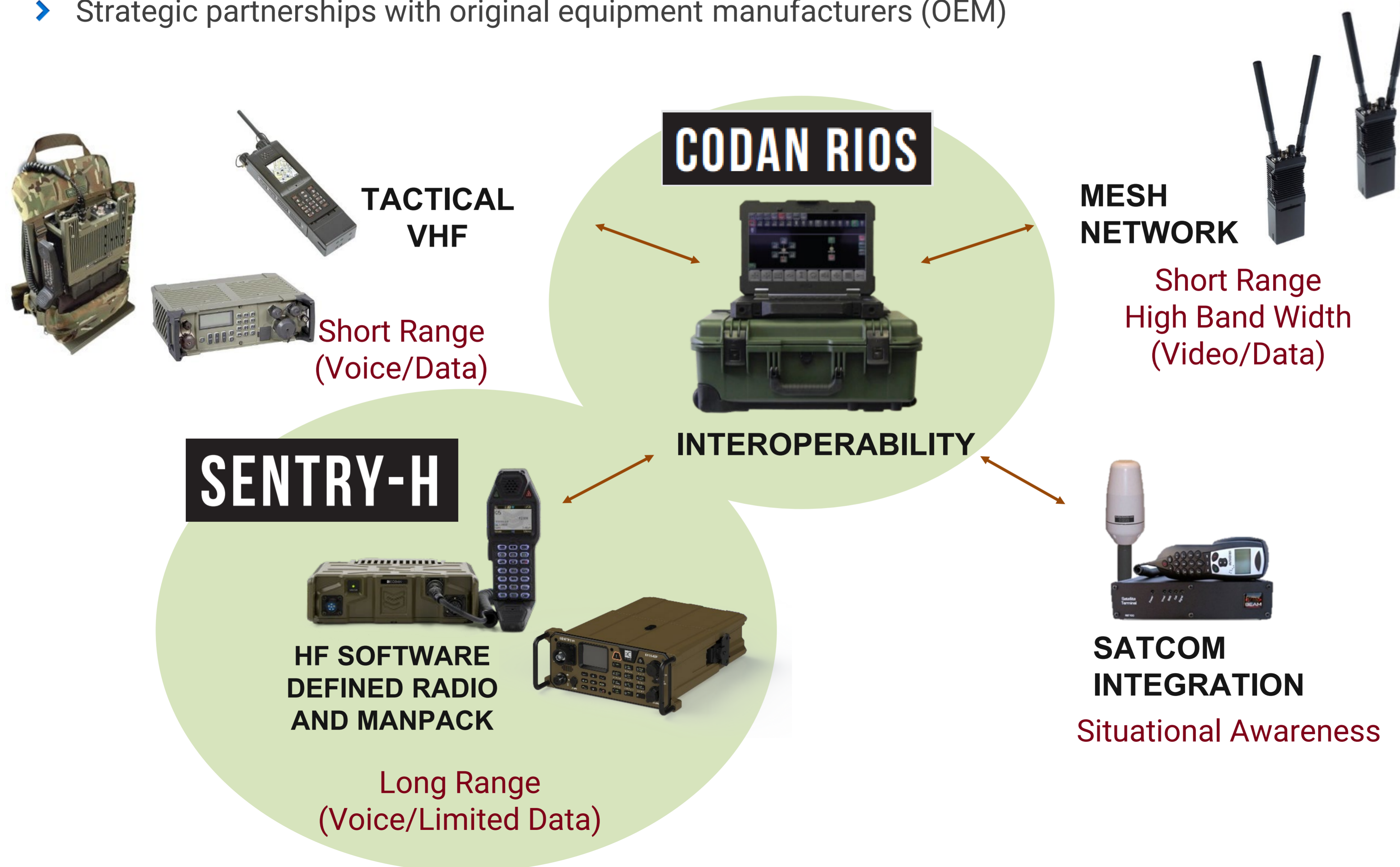
Including:

- High Frequency (HF)
- Very High Frequency (VHF)
- Mesh Network
- Interoperability
- Satcom Integration

Source: Strategic Defence Intelligence, March 2018

TACTICAL COMMUNICATIONS

- Expand to full communications offering, including voice, data and video:
 - Codan products – Sentry HF radio, Sentry HF Manpack, RIOS interoperability switch
 - Strategic partnerships with original equipment manufacturers (OEM)



LAND MOBILE RADIO

- Strong base business in remote mountain top repeaters since 1967
- **Systems Solution (Cascade) under development:**
 - A first responder communications solution
 - Software-defined VHF P25 base station/repeater for networked communications solution
 - **Best value solution in the market:**
 - **Affordability**
 - **Dependability**
 - **Handset independence**
 - **Emergency response reliability**
 - **Excellent customer service, 60+ year history**
 - Initial market release scheduled for FY21, long sales cycle
 - Benefits:
 - Expansion into systems integration and ongoing services
 - Increases addressable market from USD \$100 million repeater market to USD \$900 million LMR infrastructure solutions market



METAL DETECTION



Peter Charlesworth

Executive General Manager, Minelab

Mark Lawrie

Chief Engineer

METAL DETECTION

World's best metal detecting technologies



- Minelab: founded in 1989, acquired by Codan in 2008
- Sales have grown at 16% CAGR since acquisition (FY08 – FY18)
- Opened new global markets and broadened the product line
- Offices in Adelaide (engineering & sales), Dubai, USA, Ireland, Brazil
- Engineering team in Adelaide

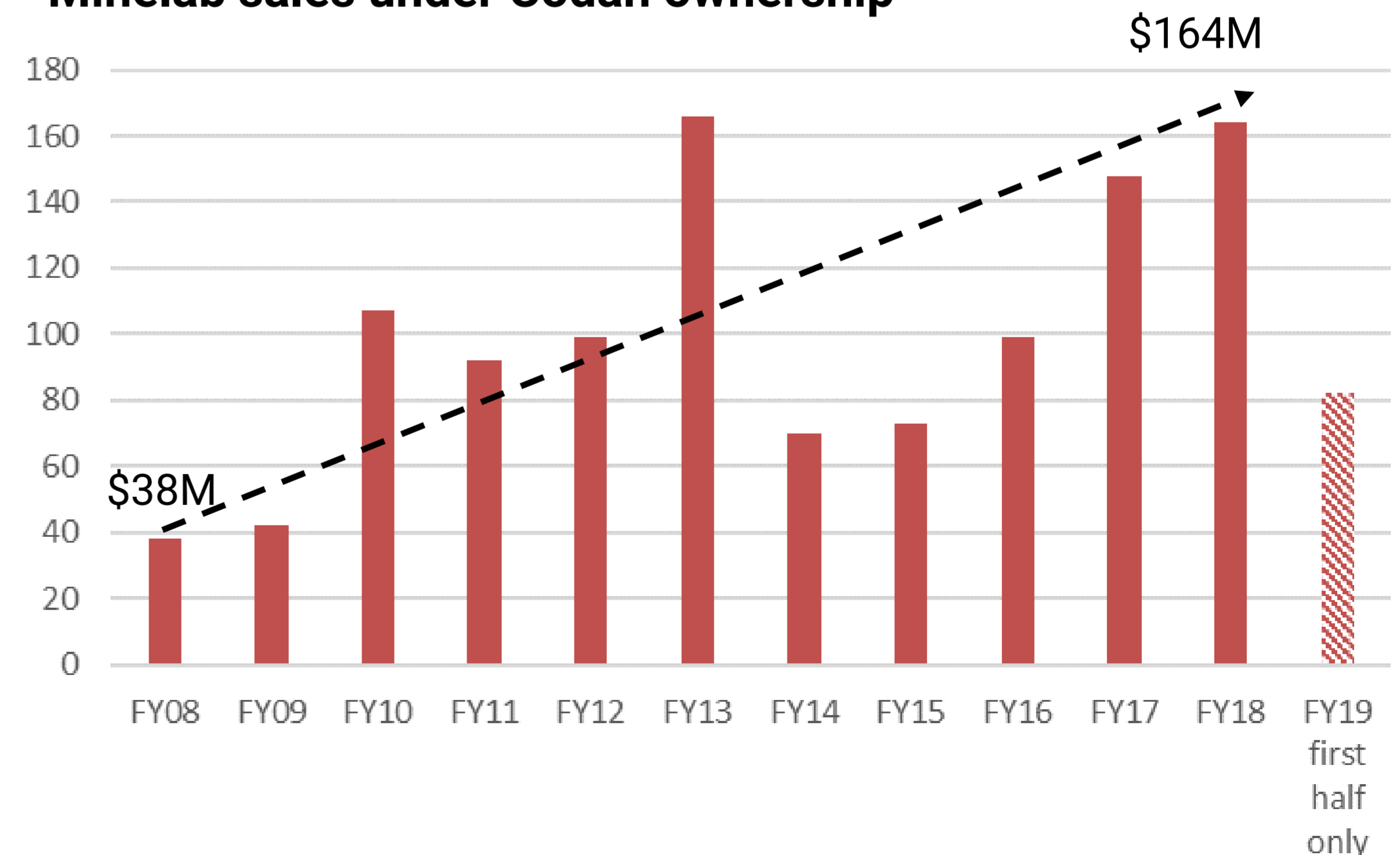
➤ Competitive advantage:

- Technology – protected, world's best IP
- Market Reach – established distribution into international markets, difficult to replicate

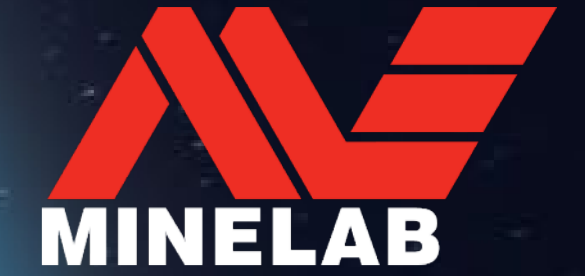
➤ Future growth:

- Continuing geographic/channel expansion
- Strong pipeline of new products in development

Minelab sales under Codan ownership



METAL DETECTION



VISION STATEMENT

TO DELIVER
INNOVATIVE TECHNOLOGY
AND
EXCEPTIONAL SUPPORT
TO ALL
DETECTORISTS
THE
WORLD OVER



THREAT SEEKER



TREASURE HUNTER



ARTISINAL MINER



ADVENTURER

VISION STATEMENT

PERFORMANCE // IS EVERYTHING

World's Best Metal Detection Technologies

METAL DETECTION

Products and markets



Recreation

Adventure • Treasure • Gold

We have recreational detectors for all skill levels.



Gold Mining

Prospecting • Community • Environment

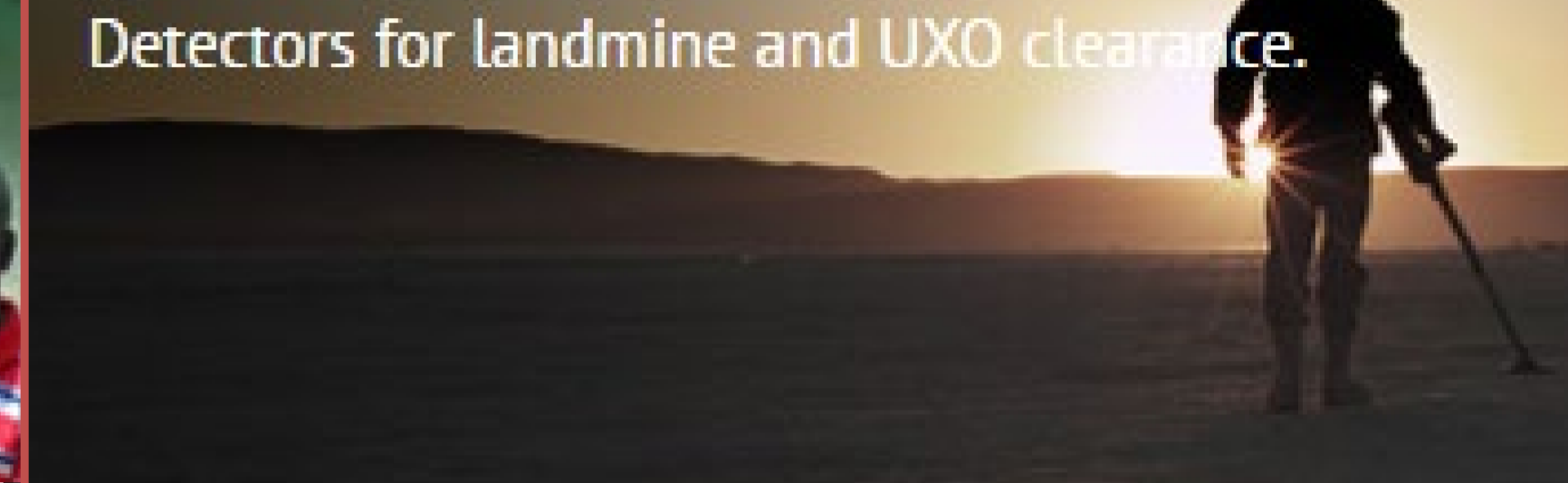
Gold Detectors for the small scale gold miner.



Countermine

All Mines • All Soils • All Conditions

Detectors for landmine and UXO clearance.



Coin & Treasure, Gold Detectors

Key markets - Australia, USA, Europe, Russia

Users:

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

Hand-held Gold Detectors

Key markets – Africa, Asia Pacific, Latin America

Users:

- Small scale artisanal miners
- Gold prospectors

Land Mine Detectors

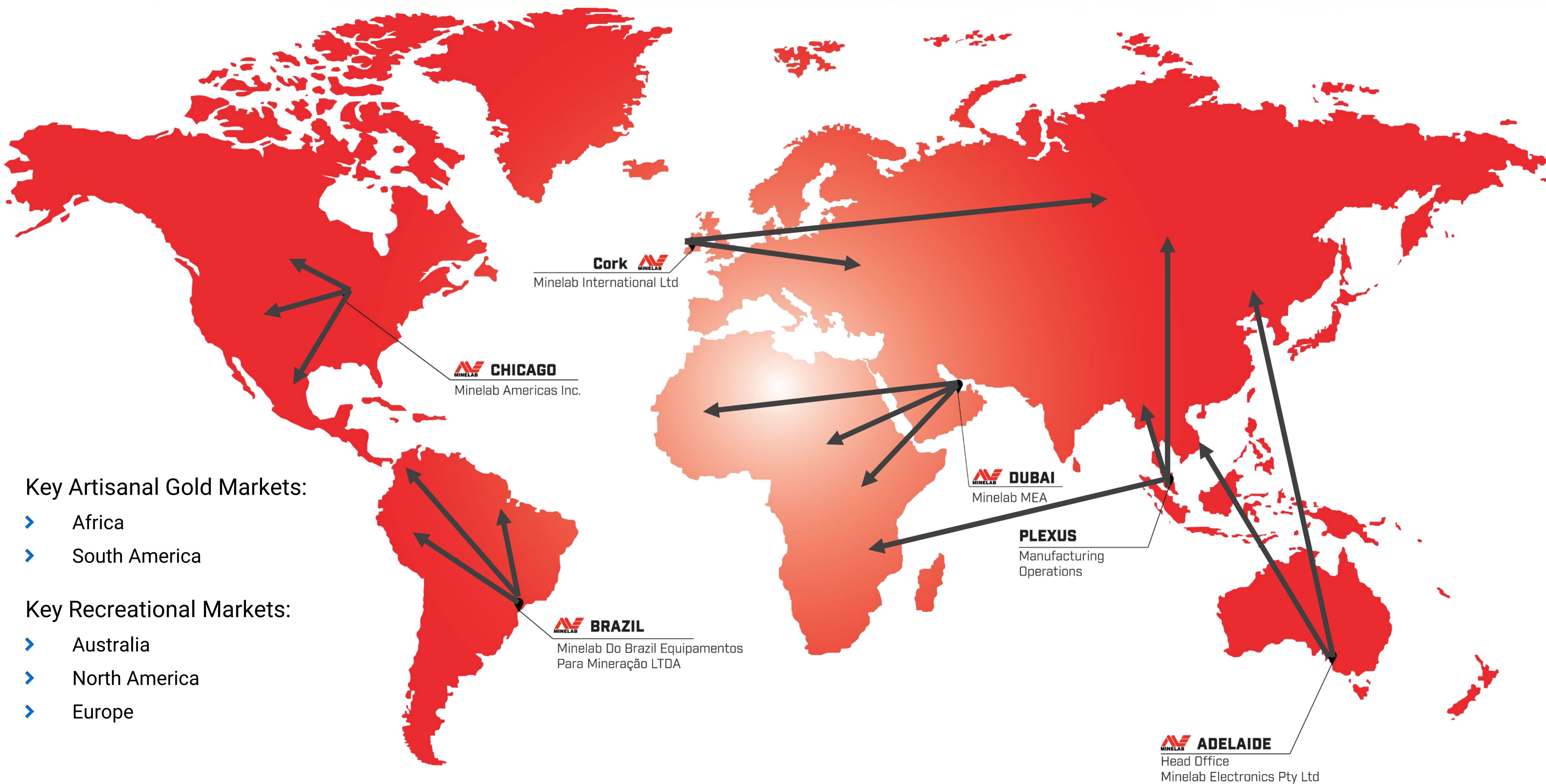
Market – countries impacted by war – past and present

Users:

- Demining organisations
- Governments
- Defence & security forces

METAL DETECTION

5 offices – global distribution



Key Artisanal Gold Markets:

- > Africa
- > South America

Key Recreational Markets:

- > Australia
- > North America
- > Europe

METAL DETECTION

Geographic expansion – Latin America



The market:

- ▶ 1.4 million artisanal and small scale miners in Latin America and ~450,000 in Brazil*
- ▶ Around 17% of total annual gold production comes from Latin America**

Minelab do Brasil

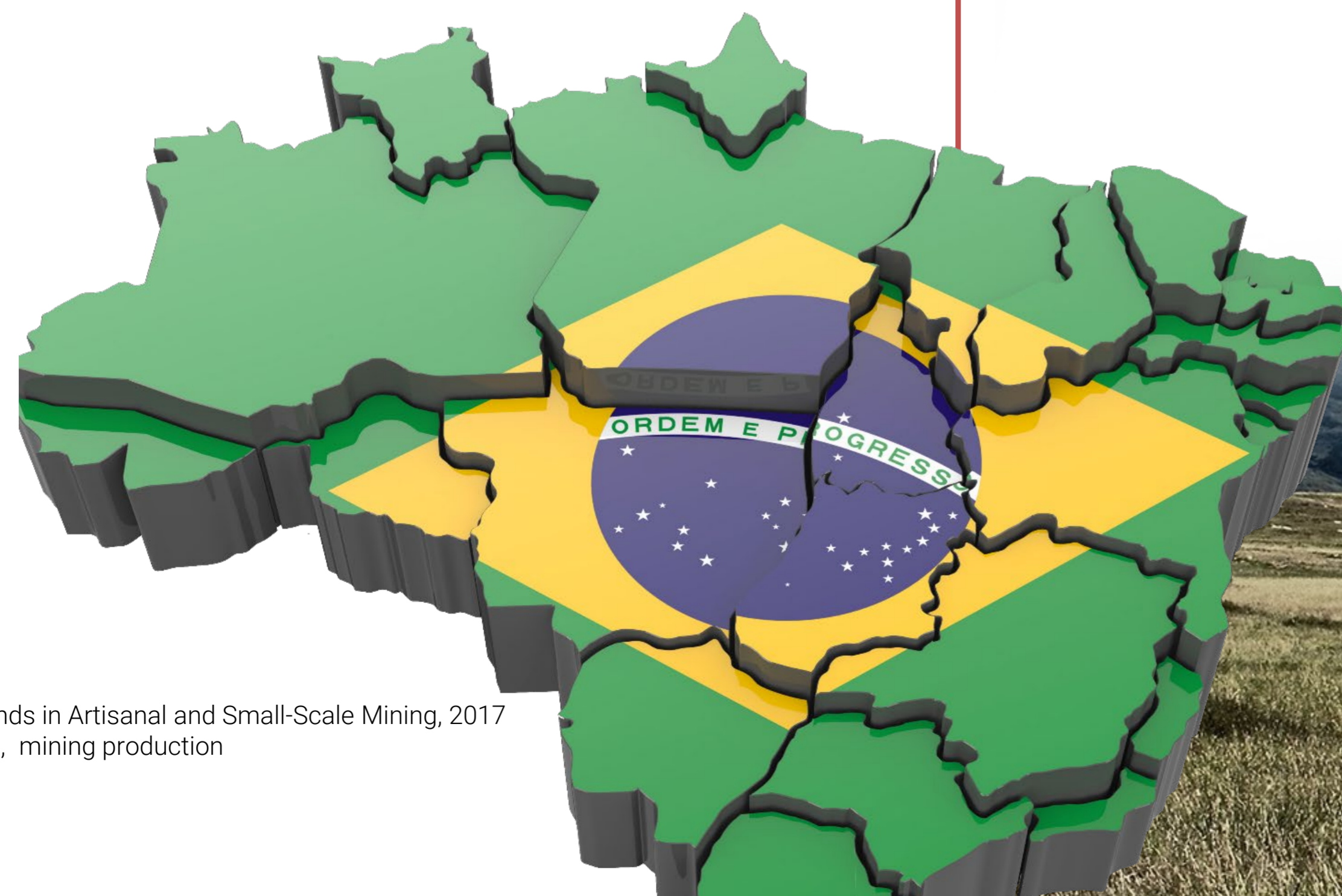
Established July 2018 in Santa Catarina, Brazil with [2] Minelab employees

Ensure consistent supply and lower end-user prices

In-country dealer support, training, service

First direct shipment cleared customs in December 2018

Strong sales growth to date, but off a low base



* IGF Global Trends in Artisanal and Small-Scale Mining, 2017
** www.gold.org, mining production

PRODUCT RANGE



Newest technologies: ZVT, Multi-IQ

GPZ 7000 ZVT
GPX Series MPS
SDC 2300 MPF
وليش الذهب 1000
GOLD MONSTER 1000 VLF

CTX 3030 FBS 2
E-TRAC FBS#
Safari FBS#
EXCALIBUR II BBS#
EQUINOX Series Multi-IQ
X-TERRA Series DELIVERED
GO*FIND SERIES VLF
VLF

MULTI-IQ / SIMULTANEOUS MULTI-FREQUENCY

Product features

- **ALL SOILS** (including Beach) — *measure the ground with multiple frequencies*
- **ALL Targets, All Orientations, All the Time** — *e.g. low frequencies, large coins, high frequencies small coins and coins on edge*
- **RELIABLE Discrimination** — *multiple measurements from multiple simultaneous frequencies*
- **True Turn on and GO** — *no need to think....what frequency?, What ground balance? What target types? and no need to change settings as conditions change.*

All Targets, All Soils, All the Time.

EQUINOX Series



Multi-IQ

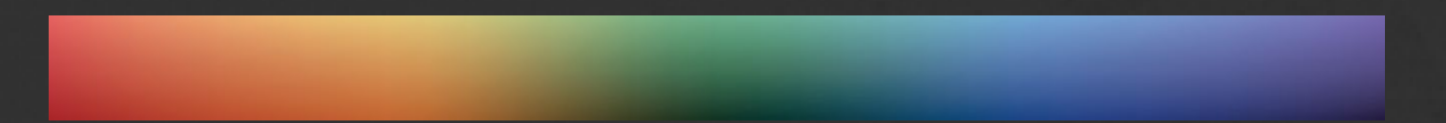


Simultaneous Multi-Frequency Technology

see Appendix



Multi-IQ



Simultaneous Multi-Frequency Technology

MASTERCLASS

RECREATIONAL PRODUCTS

Expanding EQUINOX® technology across the range



RECREATIONAL DETECTOR RANGE

- Growing the base business: new product releases have grown the recreational business by 40%
- New product coming soon



GO-FIND
SERIES

X-TERRA
Series

USD RRP ex
tax/shipping

\$99 - \$249

\$259 - \$499



EQUINOX
Series

\$649 - \$899



Safari

\$999



EXCALIBUR II

\$1499



E-TRAC

\$1549



CTX 3030

\$2499

GOLD MINING

Products to service all types of prospectors



GOLD DETECTOR RANGE

Released in: 2017



ولنت الذهب 1000
GOLD MONSTER 1000

USD RRP
ex tax/shipping

\$799

ENTRY

2014



SUC 2300

\$3750

MID RANGE

2010



GPX Series

\$2699 - \$3999

2015



GP 7000

\$7999

PROFESSIONAL

GPZ 7000® GOLD DETECTOR

Flagship Minelab product

- Premium gold detector using ZVT technology
- Recommended retail price USD \$7,999
- Highest ground penetration available
- Up to 40% depth improvement over GPX 5000¹
- High return on investment
- Released:
 - Feb 2015 in Australia, US, Europe
 - October 2015 in Africa



¹ when compared to average GPX 5000 performance in the same environment

COUNTERMINE

Simultaneous multi-frequency dual sensor detector



MDS-10



- Metal Detection (Multi-IQ) tuned to land mines
- Ground Penetrating Radar (GPR)
- Entering production Q2 2019
- Delivering 1st 52 units to international customers

Multi-IQ



Simultaneous Multi-Frequency Technology



DEFENCE ELECTRONICS

Leveraging Codan's defence manufacturing capability

- Established July 2016
- Australian Industry Capability (AIC) supplier for sub-contract manufacture and support contracts
- Invested \$1.6 million in manufacturing equipment for future contract fulfilment
- Approved partner for:
 - Rheinmetall LAND400 Phase 2 Combat Reconnaissance Vehicles, Australian construction phase starting 2020
 - BAE Systems SEA5000 program (9 Hunter-class frigates), construction in Adelaide starting 2020
- Long sales cycle, minor contracts signed to date
- Assembly construction contracts typically run over multiple years
- **Competitive advantage:**
 - World class production capability
 - Access to engineering expertise in the broader Codan group
 - Few defence qualified manufacturing peers in the Australian market
 - Codan's diverse revenue streams enhance ability to manage long defence sales cycle



BAE SYSTEMS

 **RHEINMETALL**
DEFENCE

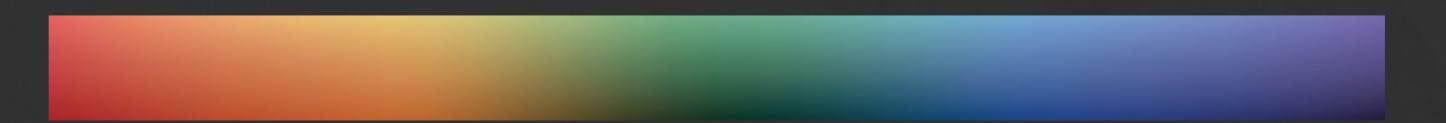


Thank you

Appendix



Multi-IQ



Simultaneous Multi-Frequency Technology

MasterClass

Multi-IQ

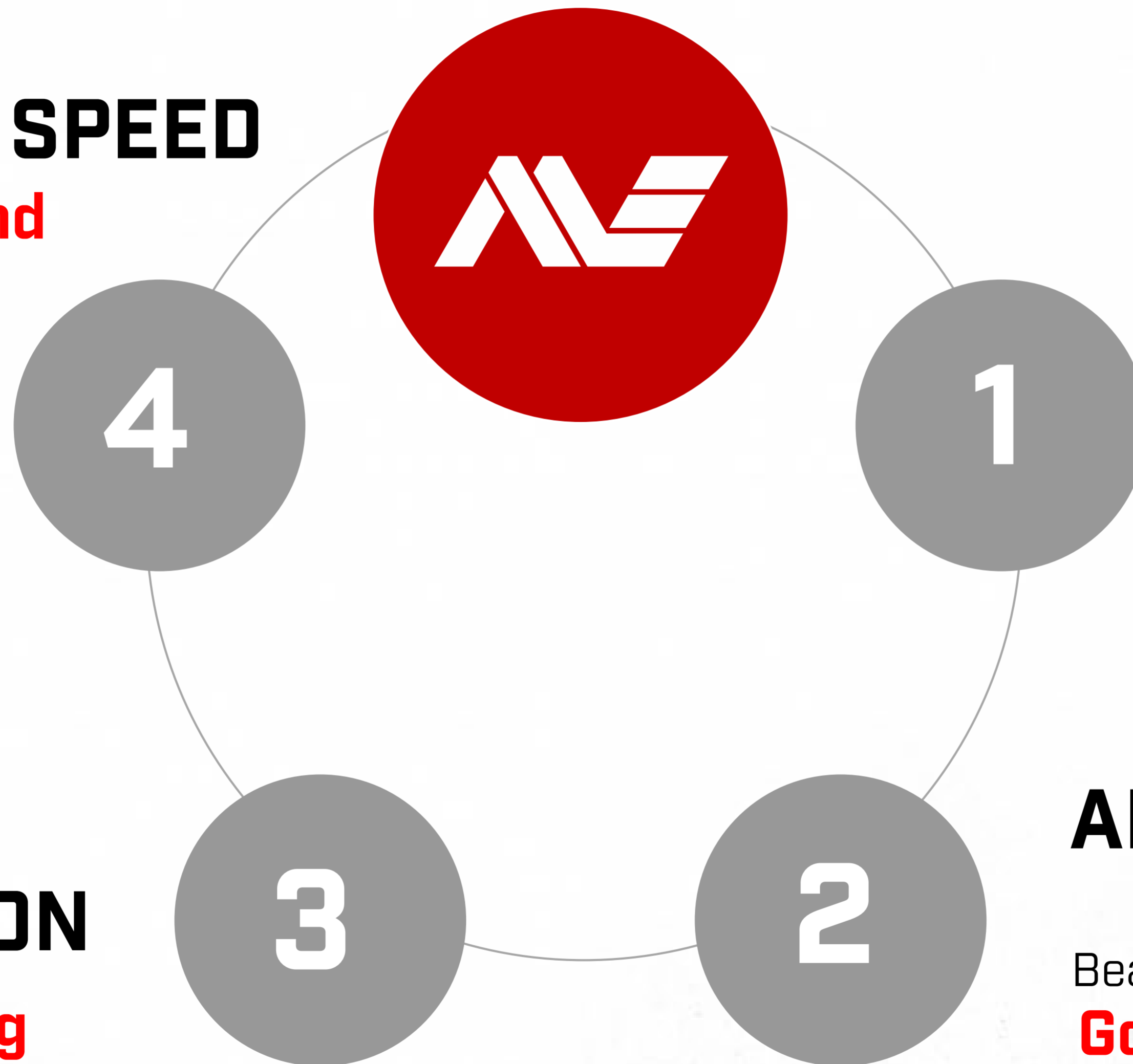
What it means for the Treasure Hunter

Minelab's Multi-IQ provides simultaneous multi-frequency scanning of the soil

DESIGNED FOR SPEED

Cover more ground

in dense iron clutter



ALL TARGETS ALL THE TIME

Bring home more of
the treasure
you want to find

RELIABLE DISCRIMINATION

Know when to dig

ALL SOILS

Fields, Parks,
Beaches, Goldfields
Go Anywhere



Simultaneous Multi-Frequency

ALL TARGETS ALL THE TIME

Bring home more of
the treasure
you want to find

Multi-Frequency

What counts, and what doesn't?

Selectable

Single-Frequency?

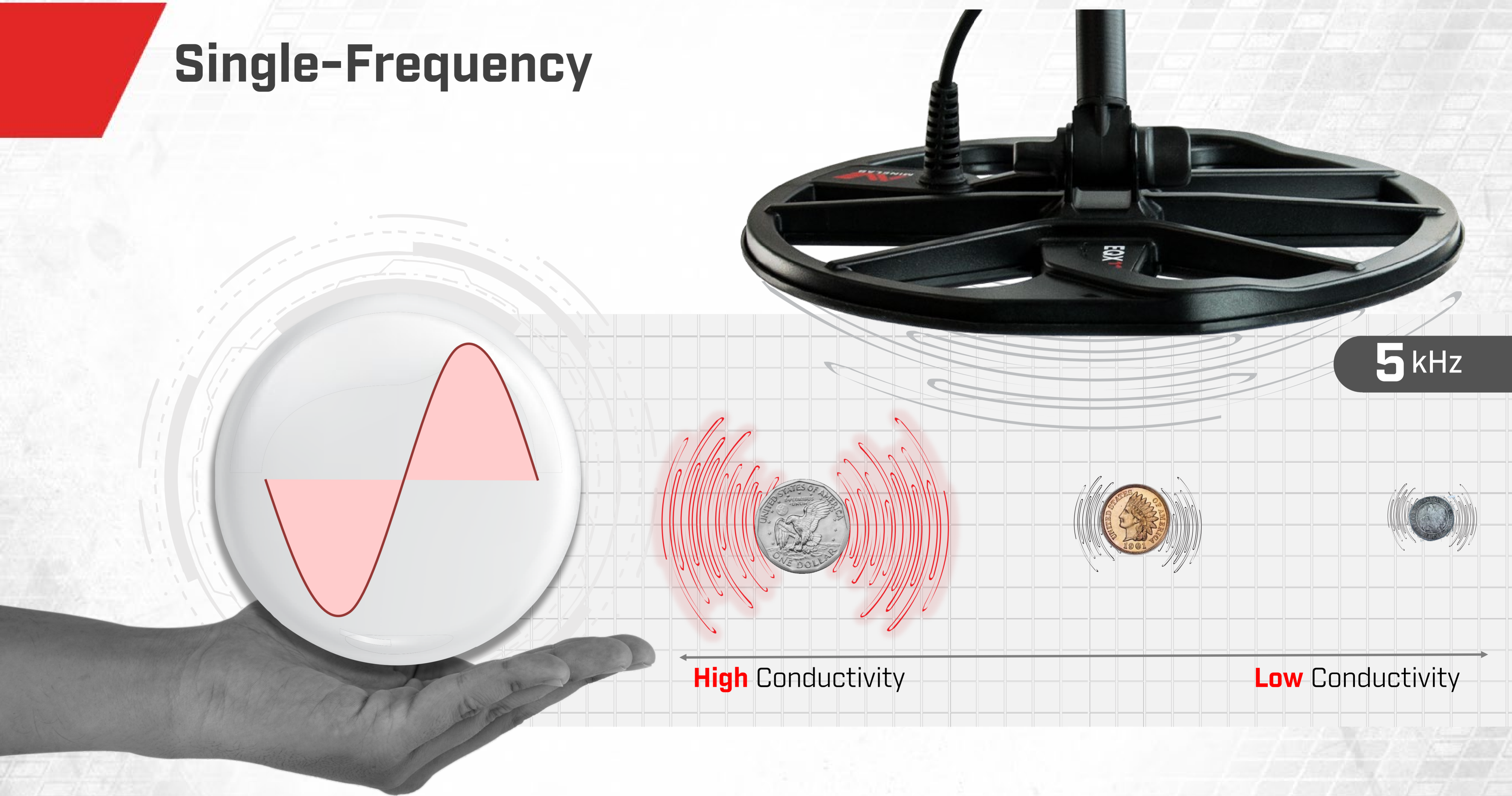
Multi-IQ

Simultaneous Multi-Frequency Technology



Multi-Frequency is the future ...having access to multiple frequencies at once gives a detector *a lot* of possibilities...

Single-Frequency

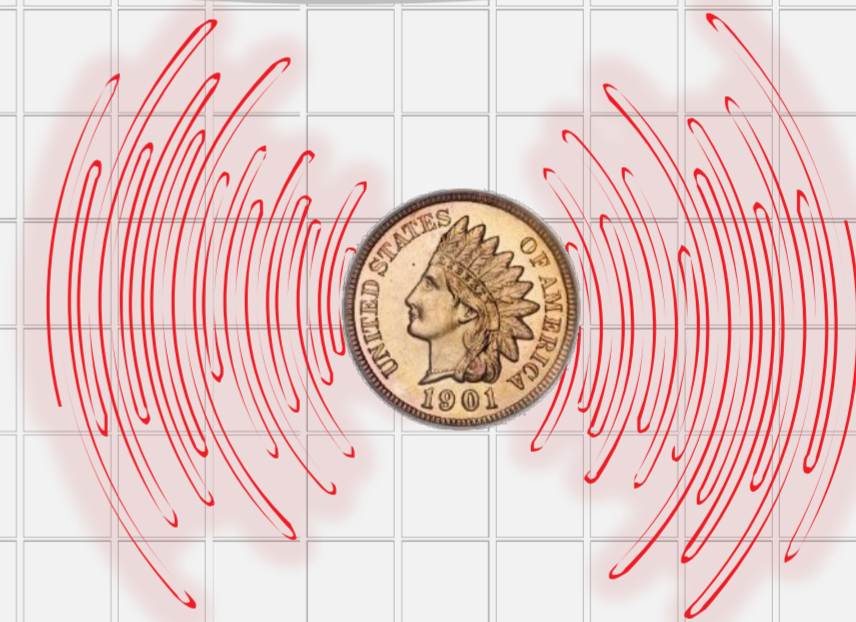
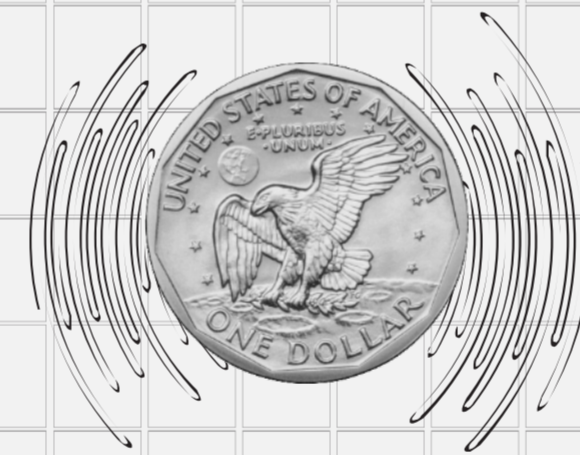
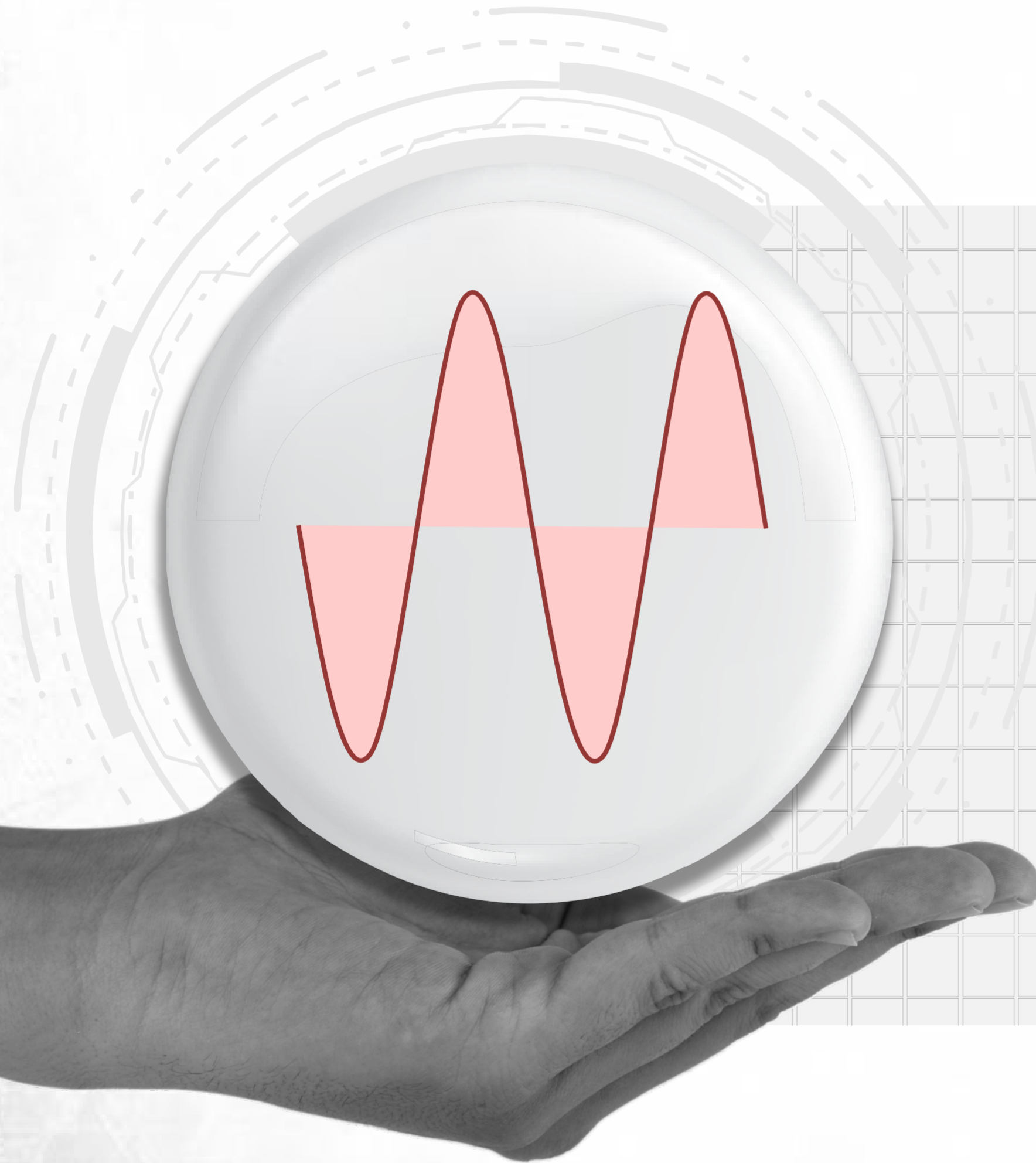


Single frequency 5kHz will preferentially detect large targets

Single-Frequency



10 kHz



← High Conductivity

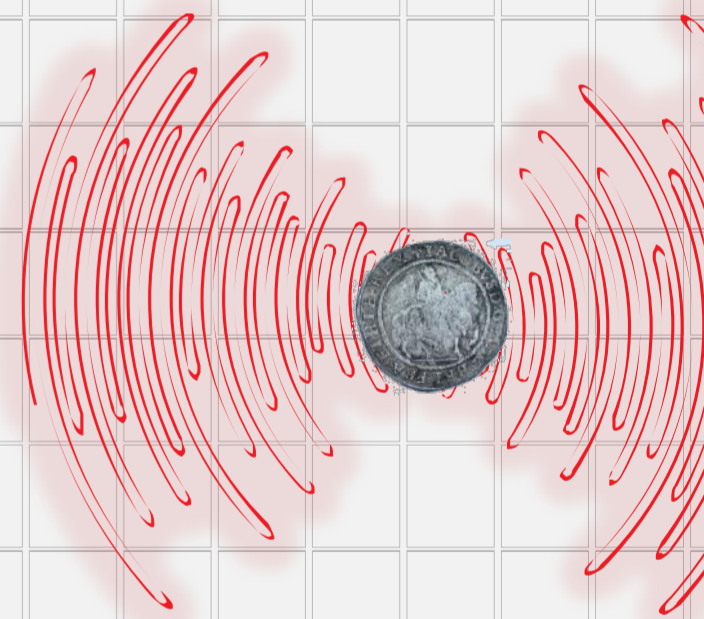
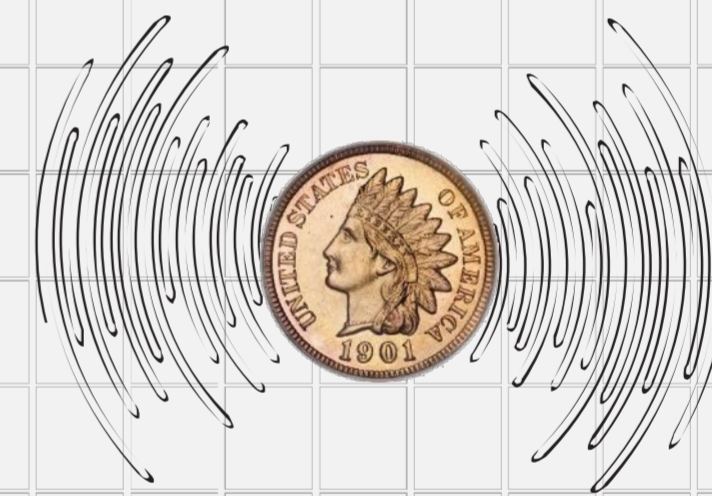
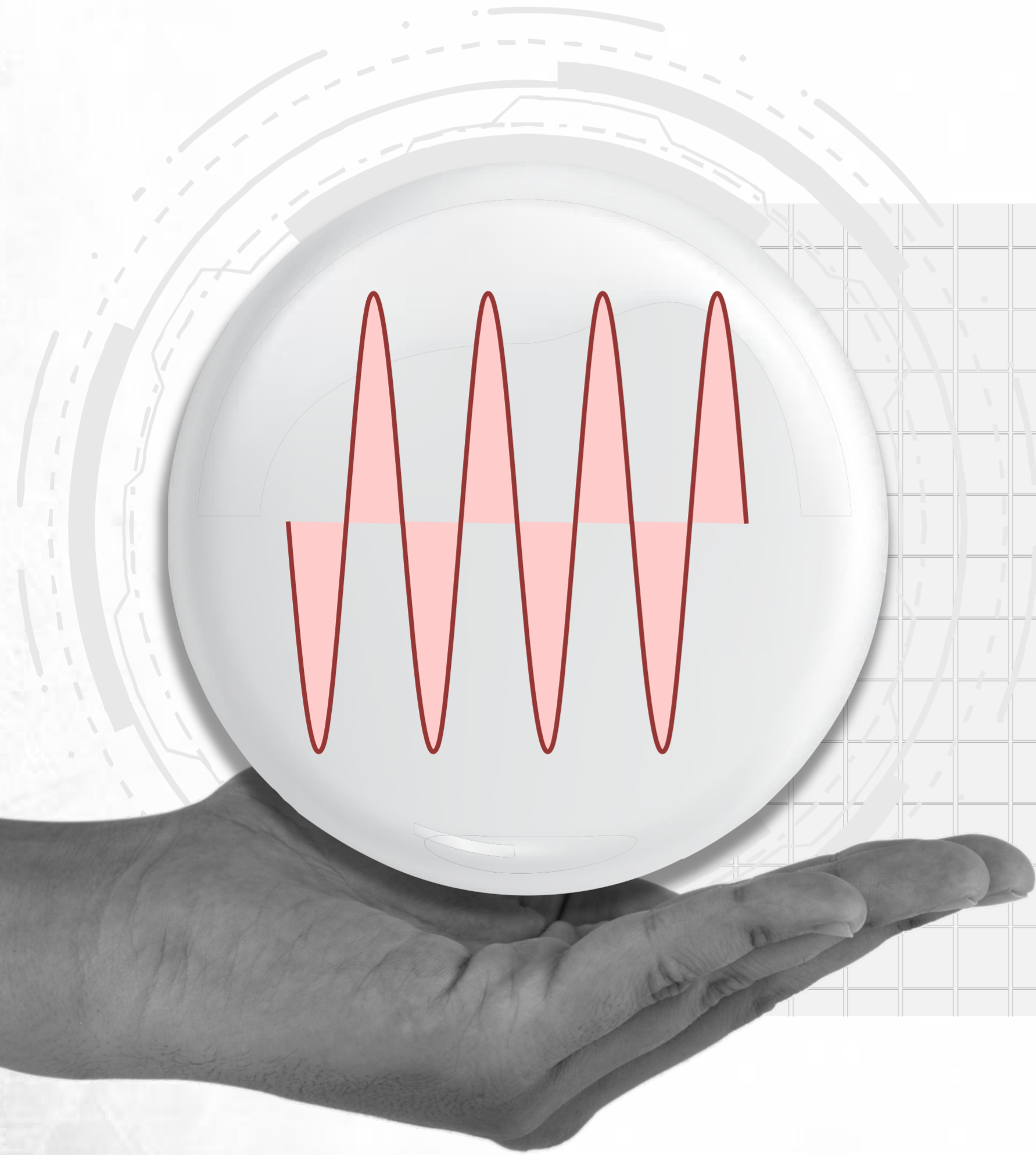
Low Conductivity →

Single frequency 10kHz will preferentially detect medium sized targets

Single-Frequency



20 kHz

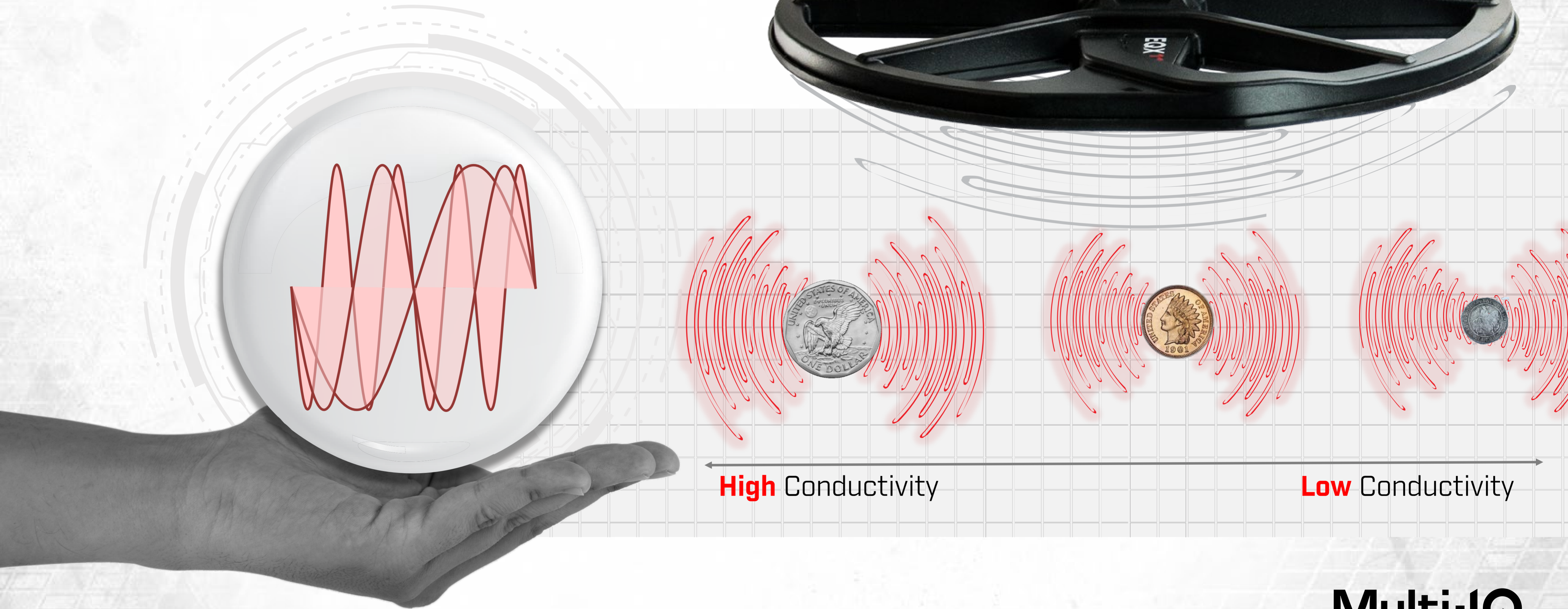


← **High** Conductivity

Low Conductivity →

Single frequency 20kHz will preferentially detect small targets

Simultaneous Multi-Frequency



Multi-IQ simultaneously receives all frequencies so you can find all the targets, all the time

Multi-IQ

Simultaneous Multi-Frequency Technology



Discrimination

RELIABLE DISCRIMINATION

Know when to dig

Discrimination

Primary Frequency



Detectorists choose a primary operating frequency to detect the targets they want to find, but it also **sees the soil**.

In soil, especially in mineralised soil or when the target is deeper, target **identification can become unreliable** and the audio response may not give you the confidence to dig.

Discrimination

More frequencies allows the detector to separate soil responses from the metal target responses. This results in more accurate identification of the type of metal target.

Primary Frequency



Second Frequency



Salt Water Performance

ALL SOILS

Fields, Parks,
Beaches, Goldfields
Go Anywhere

Salt Water Performance

Primary Frequency



Detectorists choose a primary operating frequency to detect the targets they want to find, but it also **sees the salt water**.

Over wet beach sand, and especially when submersed in sea-water, target identification is very difficult and you may **miss many targets**.

Salt Water Performance

More frequencies allows the detector to separate saltwater responses from the metal target responses. This results in more accurate identification of the type of metal target.

Primary Frequency



Second Frequency



Recovery Speed

Designed for Speed

Cover more ground

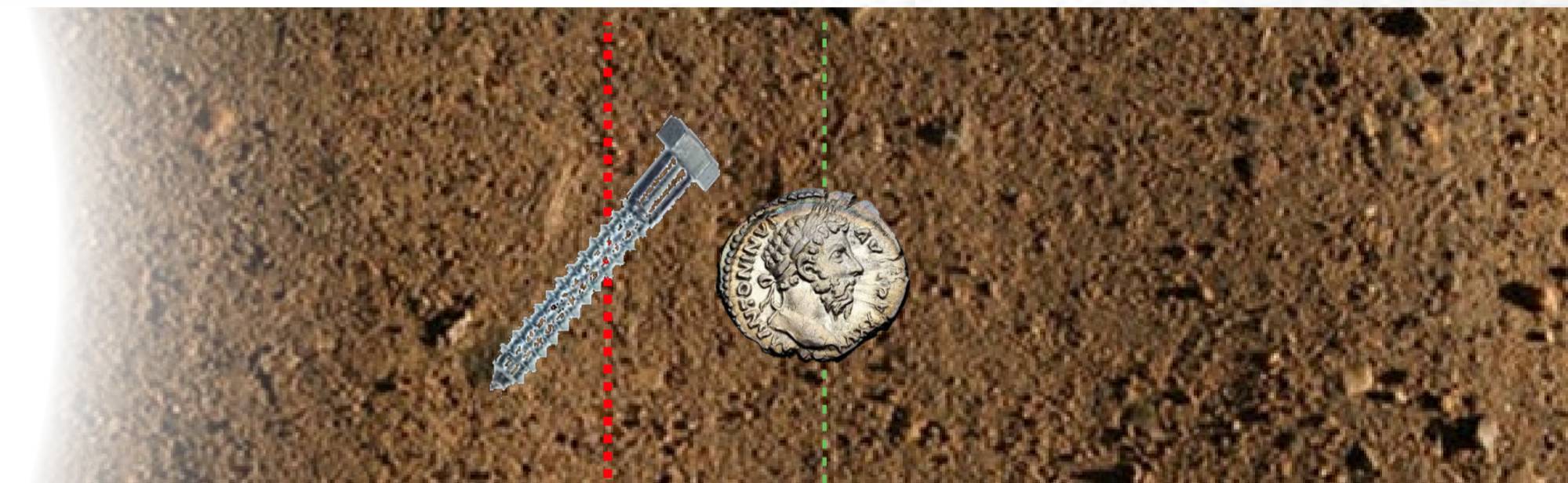
in dense iron clutter

Recovery Speed

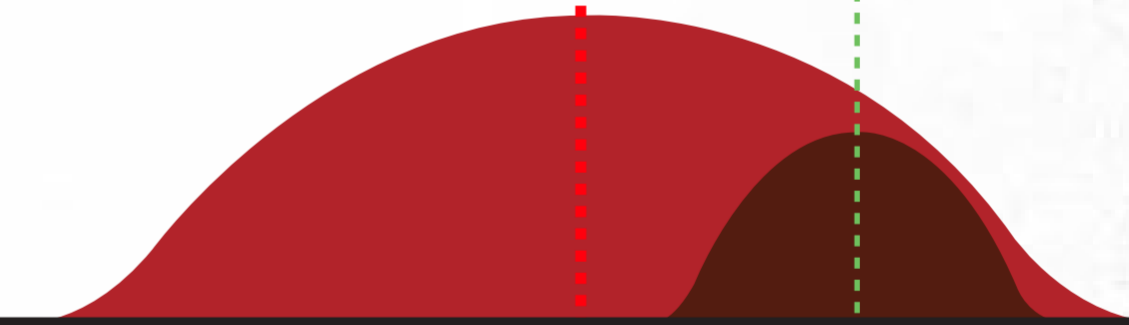
You can change the recovery speed depending on the environment and what you are hunting for....

 **Slower** gives better depth

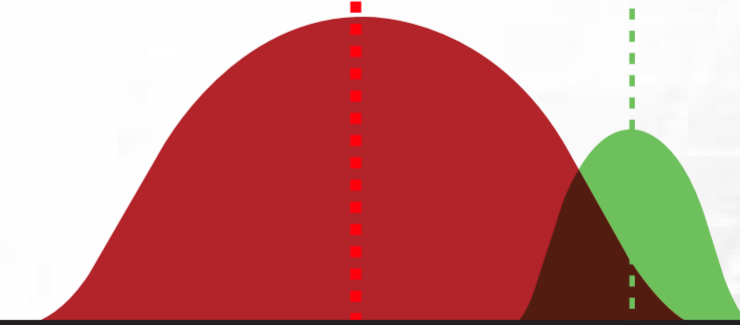
* Turn it down if you're looking for large metal objects



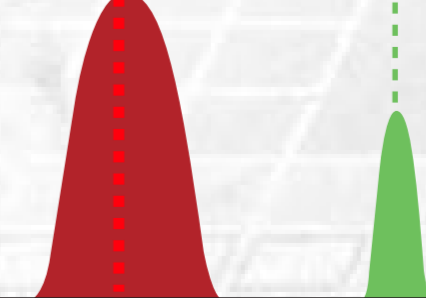
Low Recovery Speed



Medium Recovery Speed



High Recovery Speed



 **Faster** gives better target separation

* Recovery Speed 5-6 results in *a lot* of targets recovered



Recovery Speed

Designed for Speed

Cover more ground

in dense iron clutter

Iron Bias

It's easy to identify coins or ferrous trash when they are located separately. Iron bias provides a control to handle the varieties of combinations of these two.

✗ Sounds like a **BAD TARGET**

Sounds like a **GOOD TARGET** ✓

Ferrous Trash

Coins



Iron Bias

Here's an example of some ferrous trash combined with a coin and how this straddles the boundary between a bad and good target indication.

✗ Sounds like a **BAD TARGET**

Sounds like a **GOOD TARGET** ✓

Ferrous Trash



Ferrous Trash & Coin



Coins



Iron Bias

Another example that sits on this boundary is a modern screw/bolt that contains ferrous materials as well as a geometry that appears like a coin.

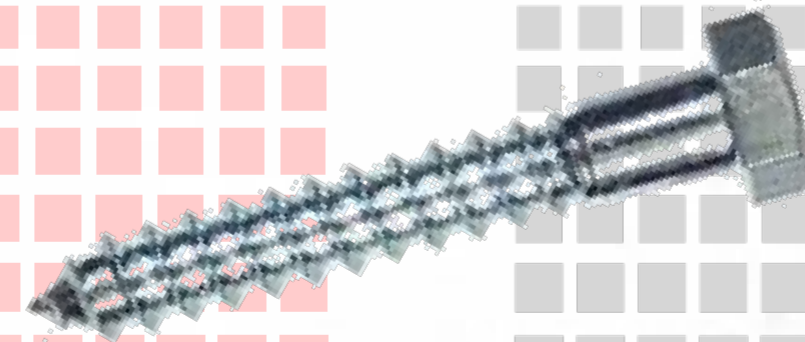
✗ Sounds like a **BAD TARGET**

Sounds like a **GOOD TARGET** ✓

Ferrous Trash



Ferrous Trash & Coin



Complex Ferrous Objects

Coins



Iron Bias

The Iron Bias control provides a dividing line that determines what is a good versus bad target. Here, a setting of 3 will provide a balanced response.

✗ Sounds like a **BAD TARGET**

Sounds like a **GOOD TARGET** ✓

Ferrous Trash



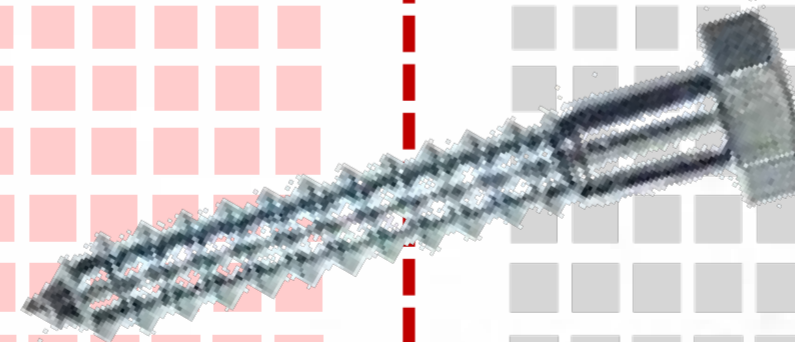
Ferrous Trash & Coin



Coins



Complex Ferrous Objects



Iron Bias: 3

Iron Bias

A low Iron Bias setting will call coins mixed with ferrous junk a good target, but it will also identify complex ferrous targets as good targets sometimes. You get more targets, but you also get more false alarms.

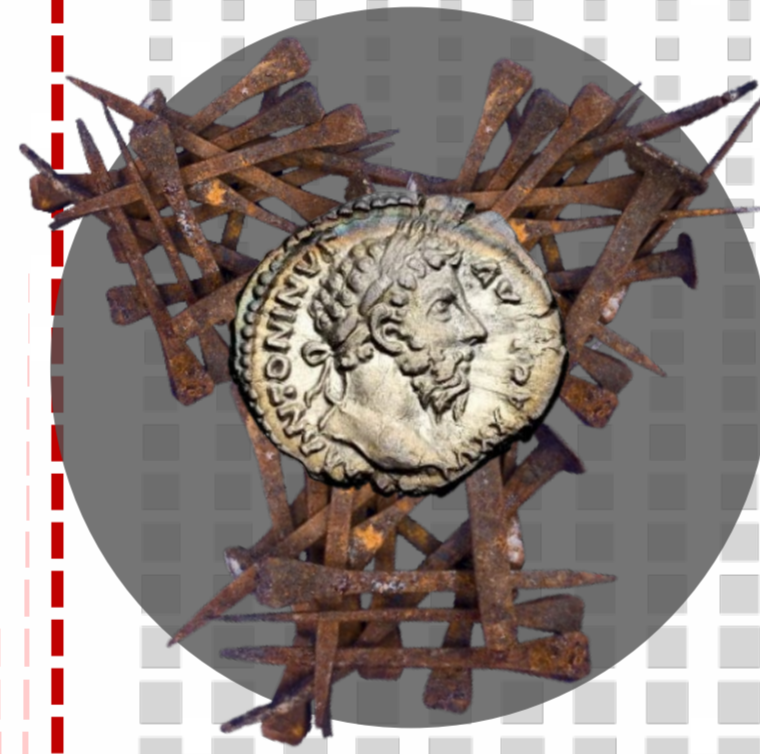
✗ Sounds like a **BAD TARGET**

Sounds like a **GOOD TARGET** ✓

Ferrous Trash



Ferrous Trash & Coin



Coins



Complex Ferrous Objects
Iron Bias: 0

Iron Bias

A high Iron Bias setting will call coins mixed with ferrous junk a bad target and it will ignore complex ferrous targets. You get less false alarms, but you may also get less targets overall. It's up to the user to dial in what Iron Bias settings works best for them.

✗ Sounds like a **BAD TARGET**

Sounds like a **GOOD TARGET** ✓

Ferrous Trash



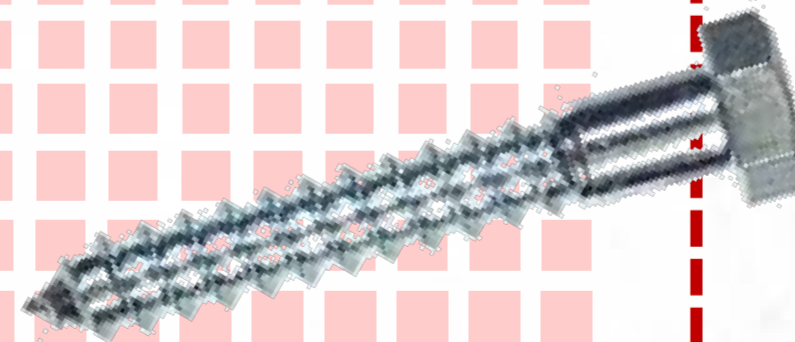
Ferrous Trash & Coin



Coins



Complex Ferrous Objects



Iron Bias: 6



Summary

Summary

Multi-IQ

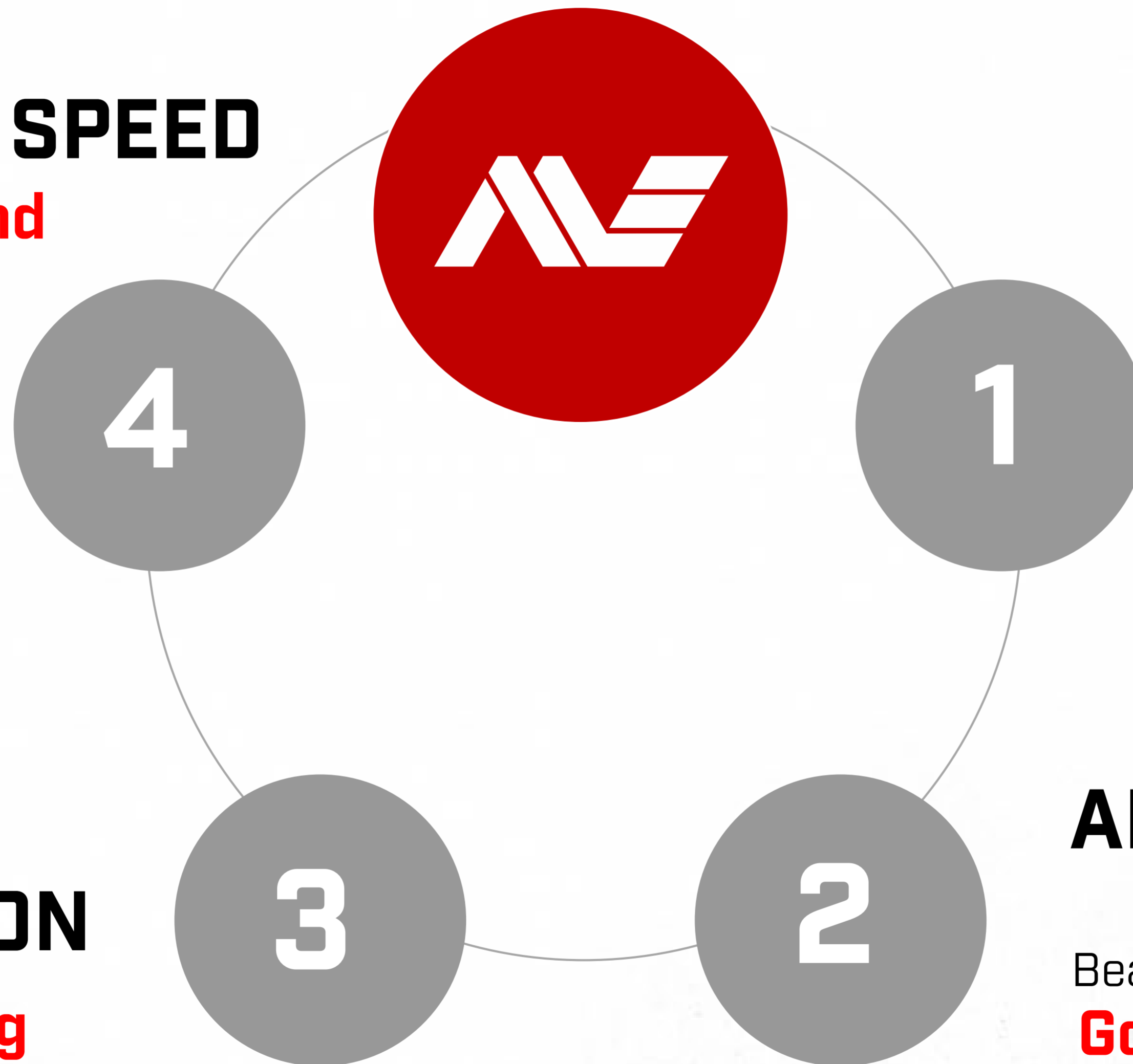
What it means for the Treasure Hunter

Minelab's Multi-IQ provides **simultaneous** multi-frequency scanning of the soil

DESIGNED FOR SPEED

Cover more ground

in dense iron clutter



ALL TARGETS ALL THE TIME

Bring home more of **the treasure** you want to find

RELIABLE DISCRIMINATION

Know when to dig

ALL SOILS

Fields, Parks,
Beaches, Goldfields
Go Anywhere