

20 August 2020

Company Announcements Office
Australian Securities Exchange
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir or Madam

FY20 full-year investor presentation

Please find attached a copy of Codan Limited's investor presentation dated 20 August 2020 for release to the market.

Yours faithfully



Michael Barton
Company Secretary
On behalf of the Board

This announcement was authorised for release to the market by the Board of Directors.

Codan is a technology company that develops robust technology solutions to solve customers' communications, safety, security and productivity problems in some of the harshest environments around the world.

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:-

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CODAN

FY20 FULL-YEAR RESULTS AND UPDATE

Donald McGurk
Managing Director & CEO

Michael Barton
Chief Financial Officer

Kayi Li
Investor Relations

20 AUGUST
2020

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FY20 SUMMARY

- Highest full-year profit in the company's history.
- Record Metal Detection and Communications sales
- Annual dividend of 18.5 cents, fully franked
- Strong balance sheet continues - \$93 million net cash
- Invested in excess of \$30 million in product development

Sales

\$348.0m

Increased by 29%

EBITDA

\$117.8m

Increased by 50%

NPAT

\$64.0m

Increased by 40%

EPS

35.5 cents

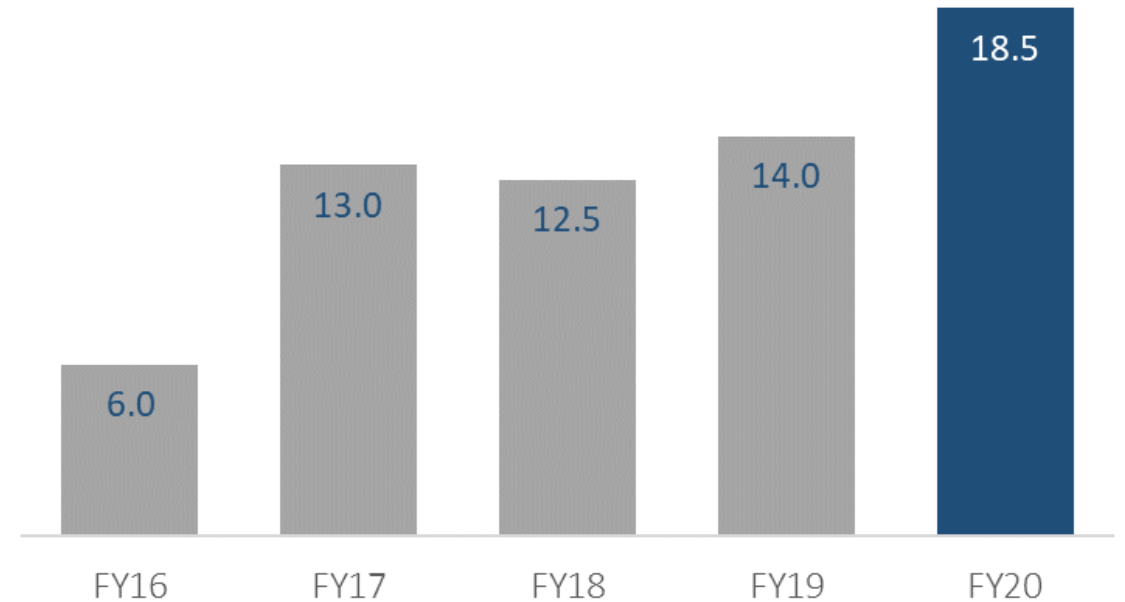
Increased by 39%

GROWING DIVIDENDS

FY20 annual dividend of 18.5 cents

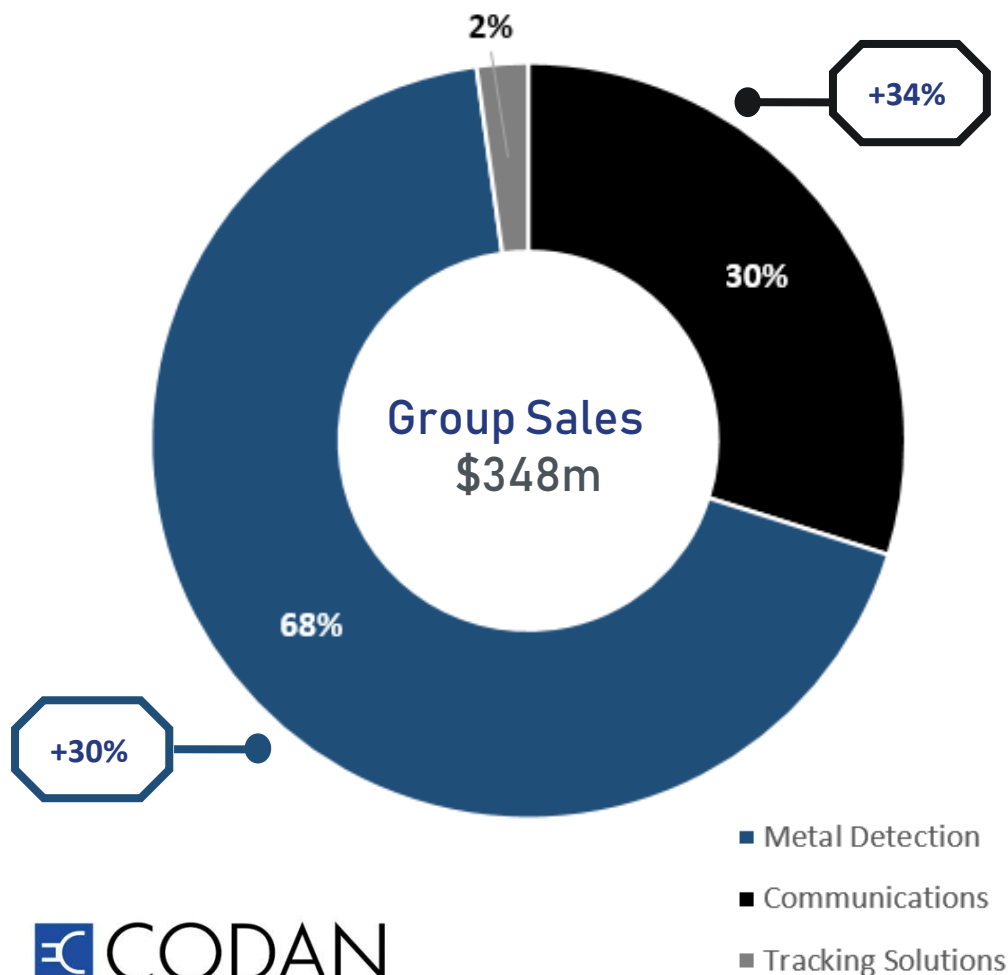
- Final dividend 11 cents per share
- Increasing dividends reflect strength of business
- Final dividend will be paid:
 - Record date 28 August 2020
 - Payment date 11 September 2020

“The board expects to continue its policy of paying shareholders in the order of 50% of our full year profits as dividends”



GROWTH IN GROUP SALES

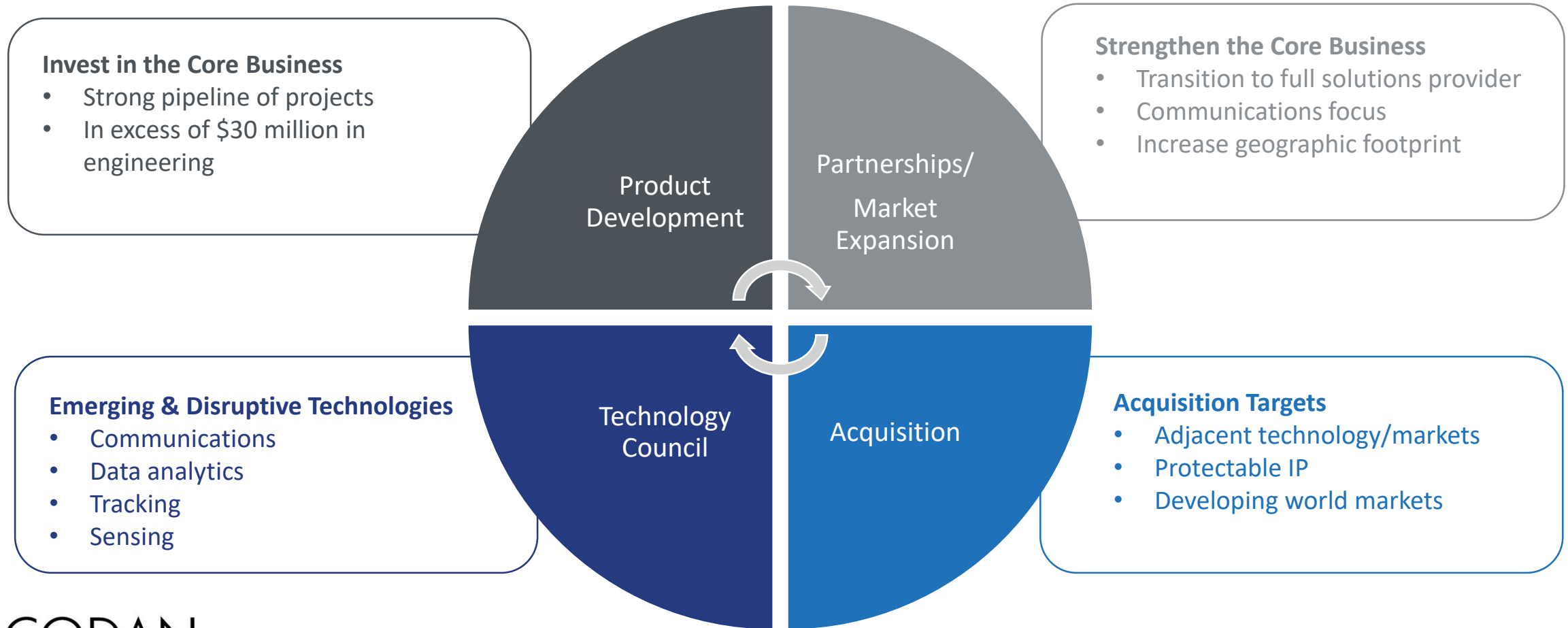
Diversified portfolio



- 29% increase in sales over FY19
- Metal Detection sales growth 30%:
 - Growth in both Recreational (11%) and Gold Mining (42%)
 - Increased product diversification and geographic expansion
- Communications sales growth 34%:
 - Tactical Communications growth (38%) driven by transition to a complete military and security solutions provider
 - Land Mobile Radio growth (21%) coming from increased focus on system solutions

FOUR POINT STRATEGY

History of IP creation, innovation & success



FY20 GLOBAL FOOTPRINT

Customers in 150 countries, exporting around 90% of sales



BUSINESS UNITS



Products & markets



RECREATIONAL

Coin & Treasure, Gold Detectors

Key markets — Australia, USA, Europe, Russia

Users:

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



GOLD MINING

Handheld Gold Detectors

Key markets — Africa, Asia Pacific, Latin America

Users:

- Small-scale artisanal miners
- Gold prospectors



COUNTERMINE

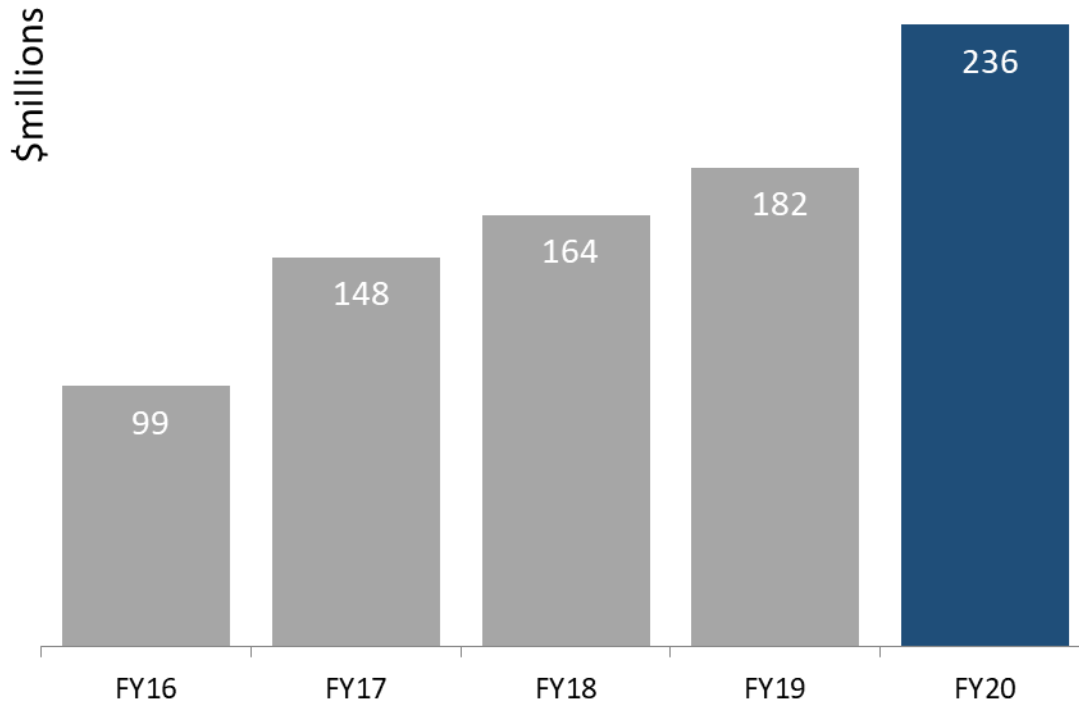
Landmine Detectors

Market — countries impacted by war — past and present

Users:

- Demining organisations
- Governments
- Defence & security forces

Metal Detection Sales



Record performance – 30% growth in sales

Strong diversification of sales across multiple products

Gold Mining:

- Continuing strong demand for gold detectors in Africa, across an expanded range of gold detector products
- Gold Monster® is now entry level detector of choice for artisanal miners

Recreational:

- Released new VANQUISH® coin & treasure detector in H2
- Continue geographic and retail expansion

Cabela's



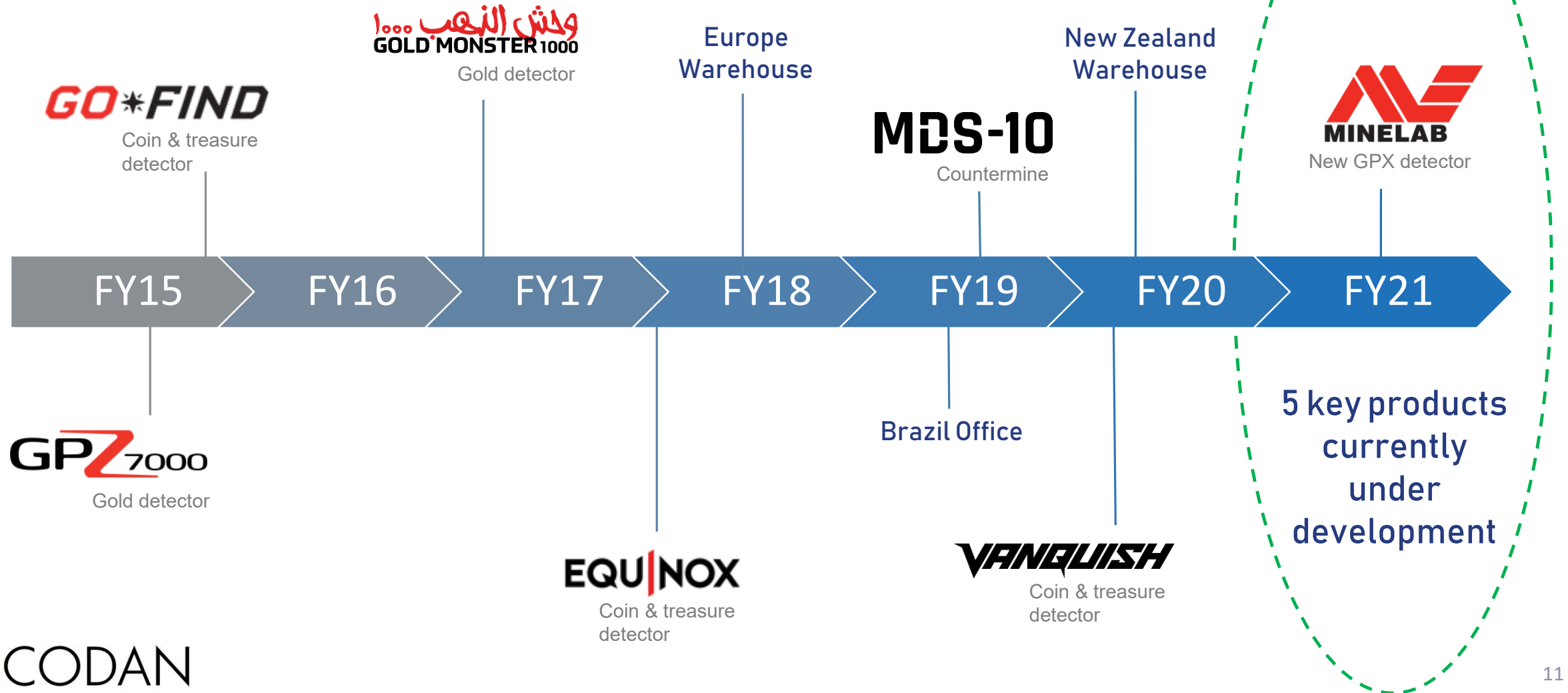
ANACONDA





METAL DETECTION

Continual innovation and geographic expansion



GOLD PRODUCTS

Products to service all types of prospectors



GOLD DETECTOR RANGE



والت الذهب ١٠٠٠
GOLD MONSTER 1000

USD RRP ex tax/shipping

\$799



SDC 2300

\$3750



GPX Series

NEW RELEASE



GPZ 7000

\$7999

| | | | | |
|-------|---|-----------|---|--------------|
| ENTRY | - | MID RANGE | - | PROFESSIONAL |
|-------|---|-----------|---|--------------|

RECREATIONAL PRODUCTS

Expanding MULTI-IQ® technology across the range



RECREATIONAL DETECTOR RANGE



All Targets, All Soils, All the Time.



GO*FIND



VANISH



EQUINOX Series



EXCALIBUR II



E-TRAC



CTX 3030

USD RRP ex tax/shipping

\$99 - \$249

\$199 - \$499

\$649 - \$899

\$1499

\$1549

\$2499

HOBBYIST

-

ENTHUSIAST

-

SPECIALIST

-

EXPERT

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

Land Mobile Radio Markets

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

- Customers: North American Federal, Provincial, State and Local governments in lower density areas

Record sales for both Tactical and LMR – sales up 34% over prior year

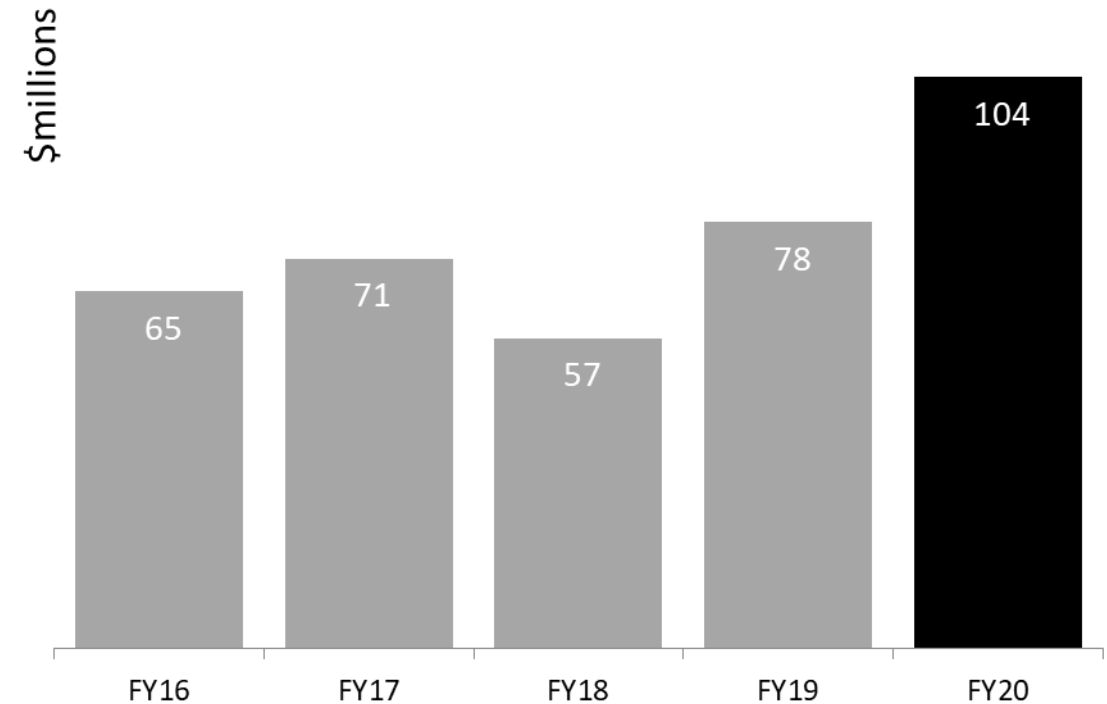
Tactical Communications:

- Delivered three major contracts (East Africa, Central Asia & Asia Pacific)
- 24% increase in sales to military customers over prior year
- Sentry® Military Manpack now selling

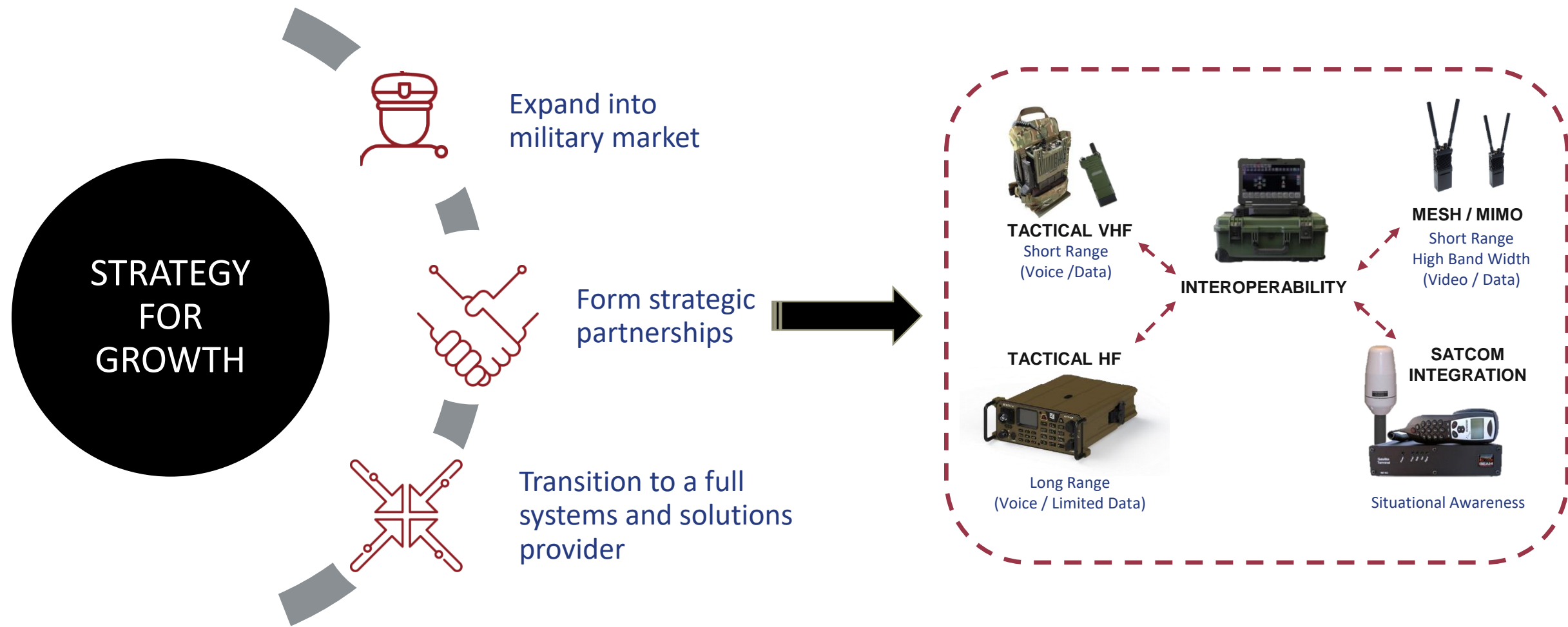
Land Mobile Radio (LMR):

- Delivered several large systems solutions in FY20
- Initial release of Cascade™ LMR solution
 - On track for full release during FY21

Communications Sales

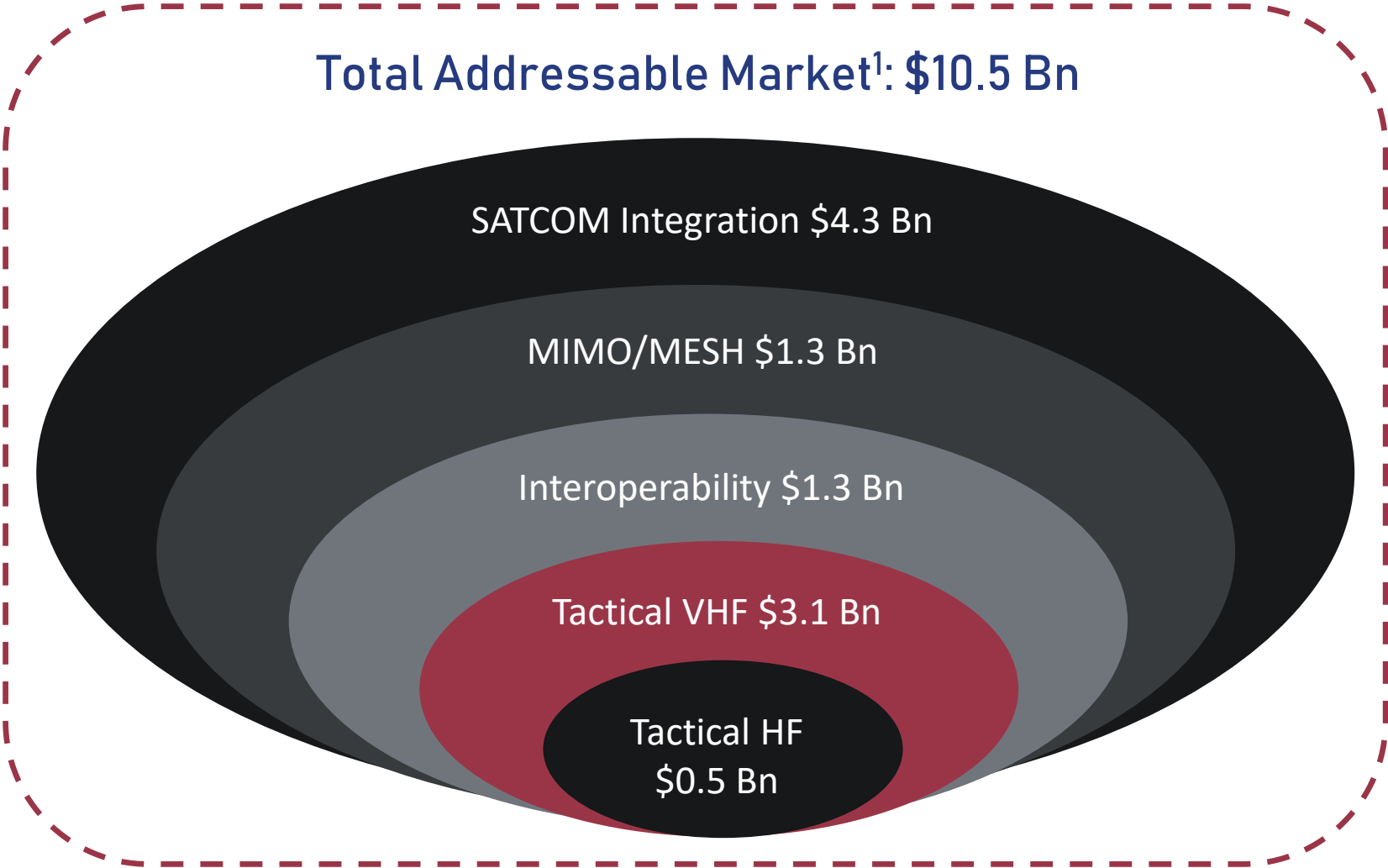


TACTICAL COMMUNICATIONS



TACTICAL COMMUNICATIONS

Addressable market



¹Source: Janes Defence, MILCOMS (July 2020 Issue)

CRITICAL COMMUNICATIONS (LMR)

Cascade™ – The gateway to VHF Public Safety Radio Systems



Fully Interoperable first responder communications solution with leading-edge performance and reliability.

Initial Release:

- Analog and digital (P25) VHF
- Multiple channels per site
- Basic network management

Full Release (During FY21):

- Multiple sites including simulcast technology
- Enhanced interoperability and application support

Increase addressable market to USD \$350m¹

TRACKING SOLUTIONS

MINETEC

Caterpillar Collaboration:

- Awarded purchase order to supply hardware associated with the implementation of the MineStar® system into Newmont's Tanami mine
- Completed final product validation and commenced commissioning of MineStar® system into a large block cave mine in Indonesia
- Completed block cave development for CAT MineStar® system
- Further integration of Minetec's engineering team into Caterpillar business, restructuring Minetec's cost base

BHP Olympic Dam Contract:

- Installed Fleet Management System in BHP's Olympic Dam mine
- Completed Production Readiness of the software
- Ready for go-live deployment



Financial Results



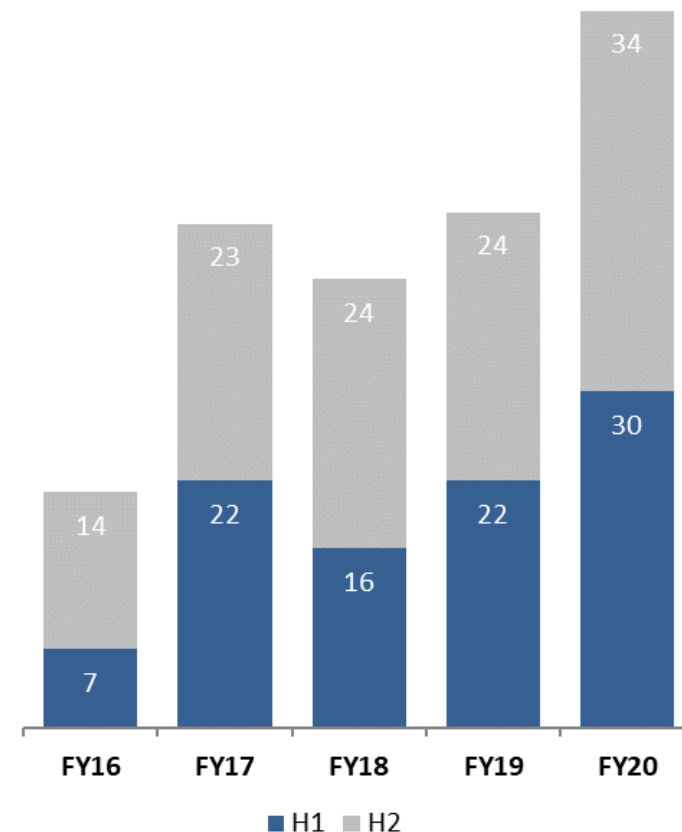
RECORD FY20 PERFORMANCE

| Profit & Loss | FY19 | FY20 | Change |
|-----------------------------|----------------|----------------|--------|
| | \$m | \$m | % |
| Revenue | | | |
| <i>Metal Detection</i> | \$182.1 | \$236.4 | 30% |
| <i>Communications</i> | \$77.6 | \$104.0 | 34% |
| <i>Tracking Solutions</i> | \$11.1 | \$7.6 | -32% |
| Total Revenue | \$270.8 | \$348.0 | 29% |
| EBITDA ¹ | \$78.6 | \$117.8 | 50% |
| EBIT | \$63.4 | \$89.6 | 41% |
| Net interest | (\$0.1) | (\$0.6) | |
| Net profit before tax | \$63.3 | \$89.0 | 41% |
| Net profit after tax | \$45.7 | \$64.0 | 40% |

Increased Minelab sales in H2:

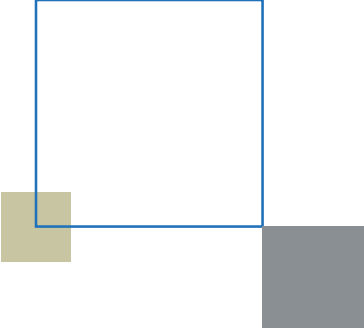
- Higher gold detector sales in Africa
- Equinox® demand remained strong
- Vanquish® release

NPAT (\$m)

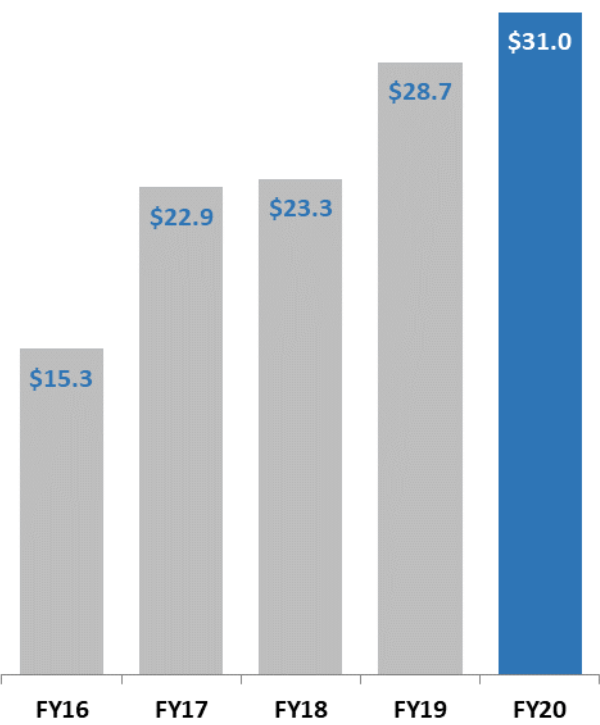


ENGINEERING INVESTMENT

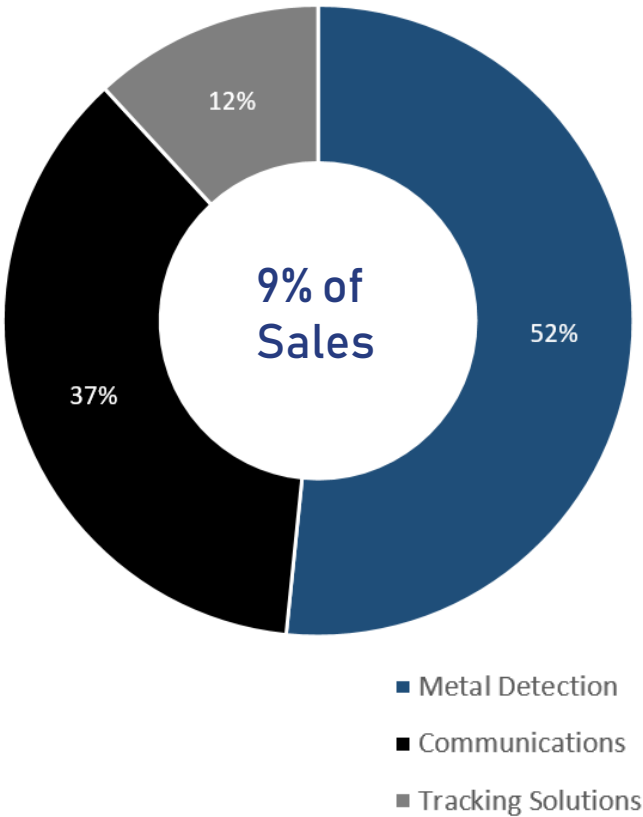
Significant investment in product development



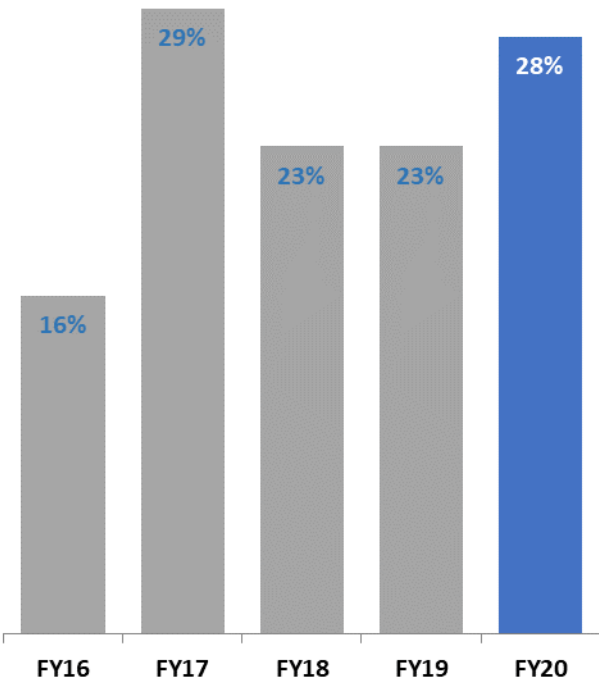
Engineering spend (\$m)



Engineering by Business Unit

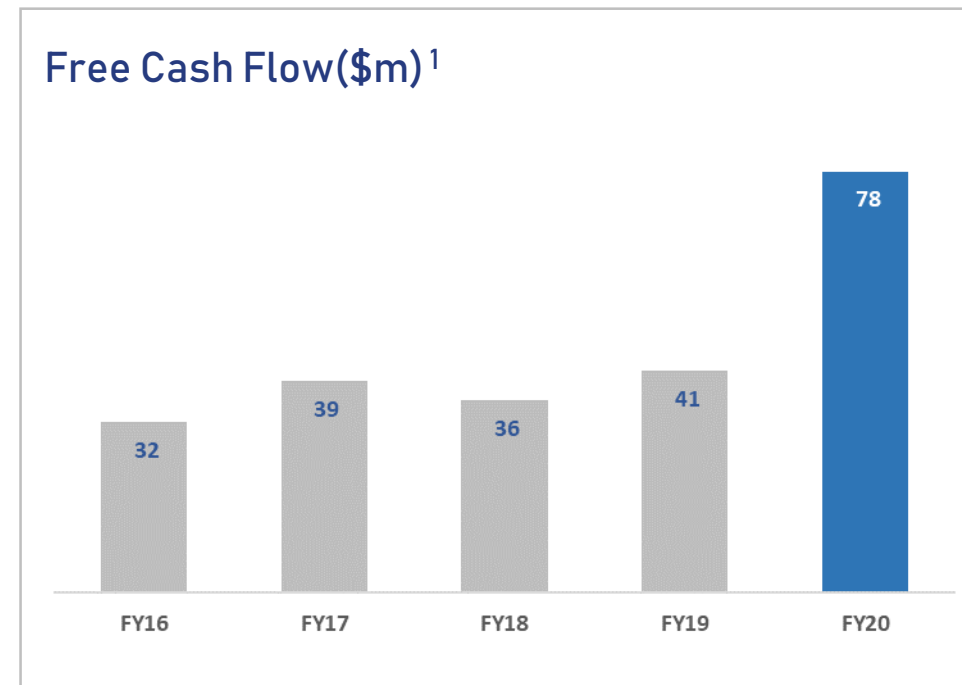
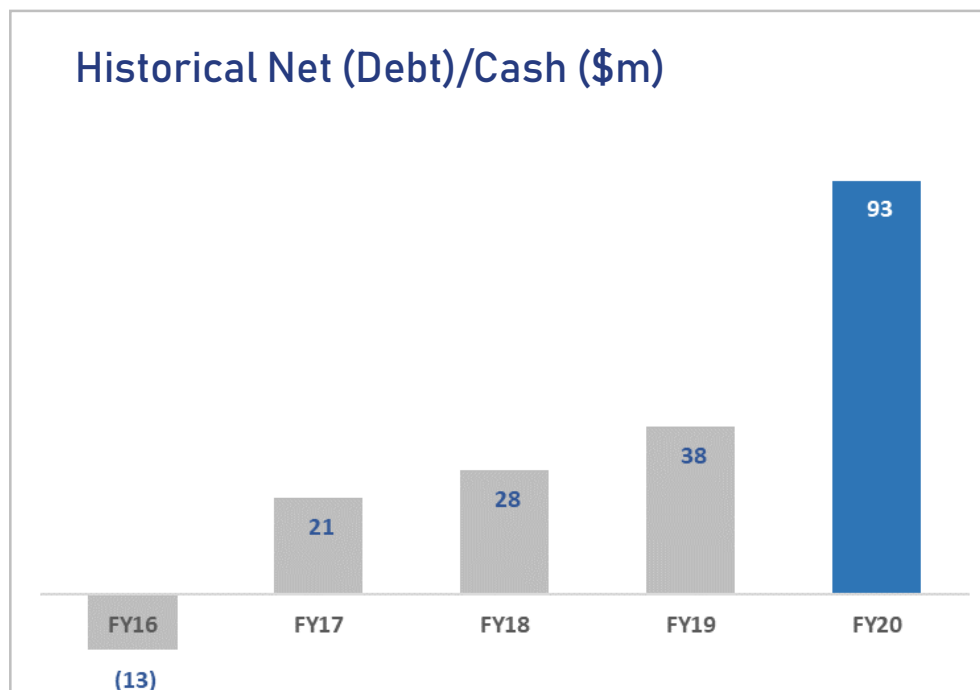


Return on Equity¹



¹Return on equity = net profit after tax divided by average equity

CASH GENERATION



- Excellent cash generation, driven by strong sales and African cash-upfront terms
- FY21 to replenish inventory levels that were depleted in FY20
- Large FY20 tax bill to be paid in FY21 H1

FY21 OBJECTIVES



- Launch new GPX® series gold detector and Countermine metal detector
- Maximise Vanquish® sales by increasing North American retail distribution
- Continue expansion of retail distribution channels in Europe



- Continue the transition to a full military system solutions business
- Focus on growing in-country service, training and customer support revenue
- Full release of LMR Cascade™



- Grow revenue by leveraging Caterpillar's global dealer network
- Quantify productivity and safety improvements in key reference sites (Olympic Dam & Tanami)
- Return to profitability

FY21 OUTLOOK

Well positioned for FY21:

- Strong start to the year and in line with FY20
- Demand for our metal detection products remains strong
- Minelab will benefit from a full year of Vanquish® sales and the release of a new gold detector
- Current travel restrictions may impact Tactical Communications business development
- Minetec is expected to return to profitability
- Strong balance sheet allows us to explore strategic opportunities

Business update at virtual AGM on 28th October 2020