

17 February 2022

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

Dear Sir/Madam

**FY22 Half-year investor presentation**

Please find attached a copy of Codan Limited's investor presentation dated 17 February 2022 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 Limited  
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CODAN



**FY22 HALF YEAR  
RESULTS AND UPDATE**

# IMPORTANT NOTICE AND DISCLAIMER

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This presentation contains summary information about the current activities of Codan and its subsidiaries. The information in this presentation does not purport to be complete nor does it purport to contain all the information that a prospective investor may require in evaluating a possible investment in Codan. This presentation should be read in conjunction with Codan's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at [www.asx.com.au](http://www.asx.com.au).

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Should you have any specific queries in respect of this disclaimer please contact Codan directly.

# ALF IANNIELLO

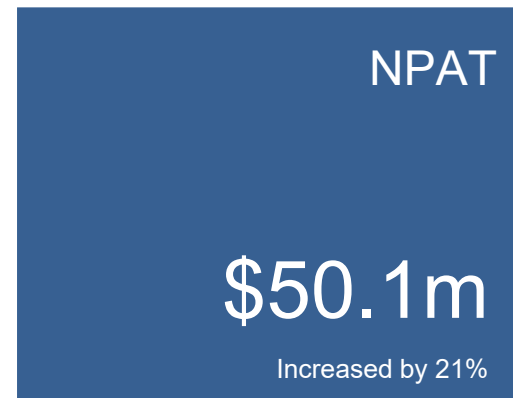
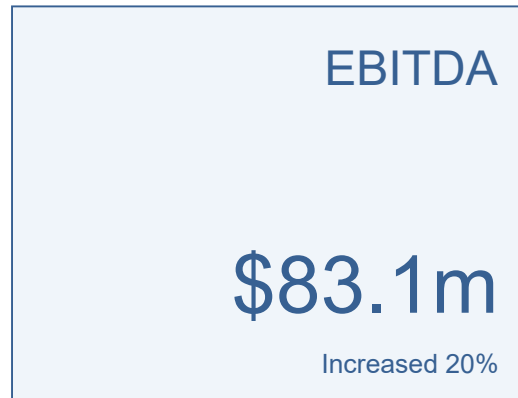
Managing Director & CEO

- 20 years of MD/CEO experience
- Qualified electronics engineer
- 12-year international career – who understands technology, manufacturing and defence
- Aligned with Codan's unique winning culture
- Demonstrated CEO track record of growing businesses through leveraging innovation



# FY22 HALF YEAR SUMMARY

- Highest half-year profit in the company's history
- More balanced, diversified and stable sales across the Codan group
- DTC secured Codan's largest contract award in the company's history
- Recent acquisitions, DTC and Zetron both tracking ahead of first year profit targets
- Communications forward orderbook of \$163 million, of which \$71 million expected to ship H2 FY22
- Excellent results from Minelab given geo-political disruptions and return to more normal levels of demand after the Covid impacted FY21
- Our planned investment in inventory places the Group in a strong position as we enter H2 FY22

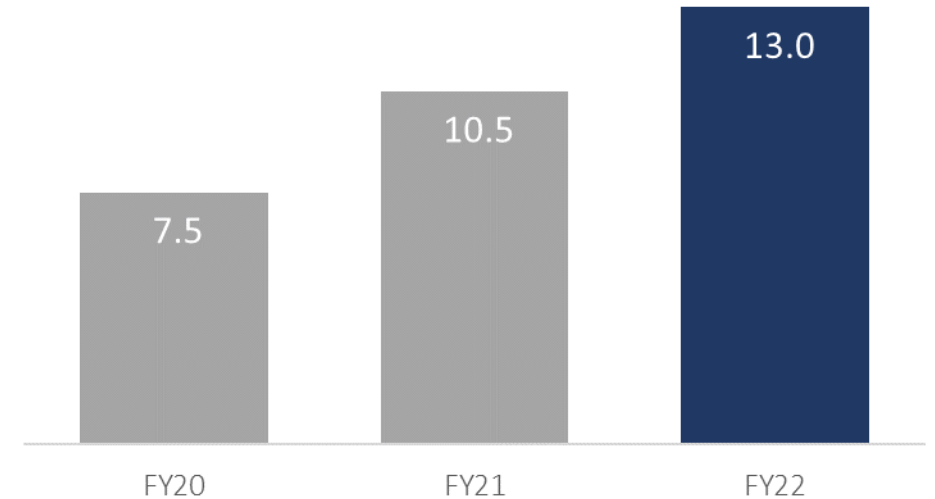


# INCREASED DIVIDEND

Interim dividend 13.0 cents

- Interim dividend 13.0 cents per share, increased by 24%
- Increasing dividends reflect strength of business
- Interim dividend will be paid:
  - Record date 24 February 2022
  - Payment date 10 March 2022

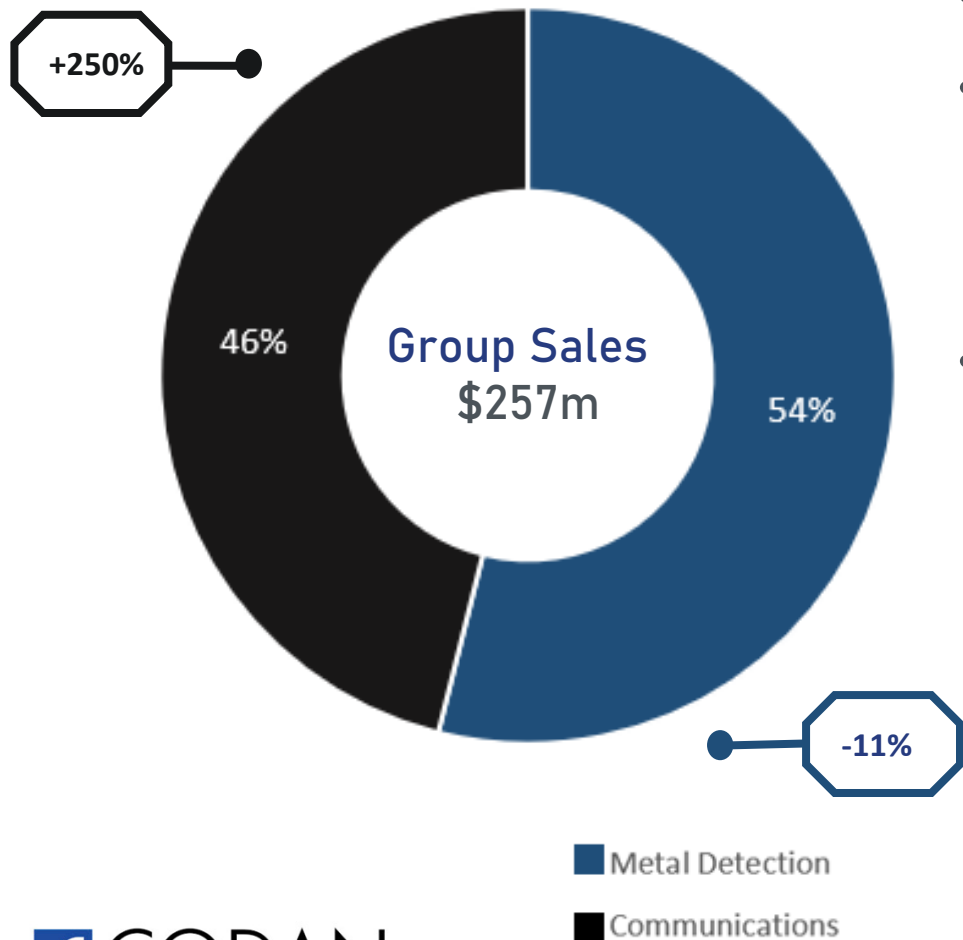
Interim Dividend (Cents)



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

# FY22 HALF YEAR GROUP SALES

A strong year for Codan



- Balanced sales portfolio across the Codan group
- Communications sales increased by \$84 million:
  - DTC and Zetron both outperformed first half expectations
  - Forward orderbook of \$163 million
- Metal Detection sales down 11% vs H1 FY21, but up 38% H1 FY20:
  - Civil unrest in Minelab's largest gold detector market
  - Return to more normal levels of demand after the Covid impacted FY21
  - Recreational markets held at record FY21 levels, which was fuelled by government stimulus
  - Countermine experienced significant growth, doubling sales from corresponding period

# CODAN GROUP PORTFOLIO OF BUSINESSES

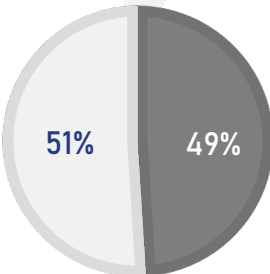
“The business today is a much stronger and robust business than it was some 12 months ago”

**2021**

**Segment Sales**

Minelab: 80%  
 Communications: 17%  
 Tracking Solutions: 3%.

- Developing World Sales
- Developed World Sales



**Forward orderbook**

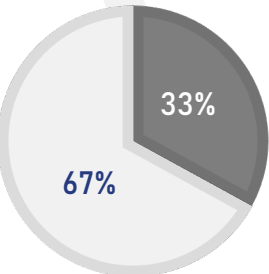
Communications orderbook \$39m.

**2022**

**Segment Sales**

Minelab 54%  
 Communications 46%.

- Developing World Sales
- Developed World Sales



**Forward orderbook**

Communications orderbook \$163m

“More balanced, diversified and stable sales portfolio across the Codan group”



# HISTORICAL PERFORMANCE

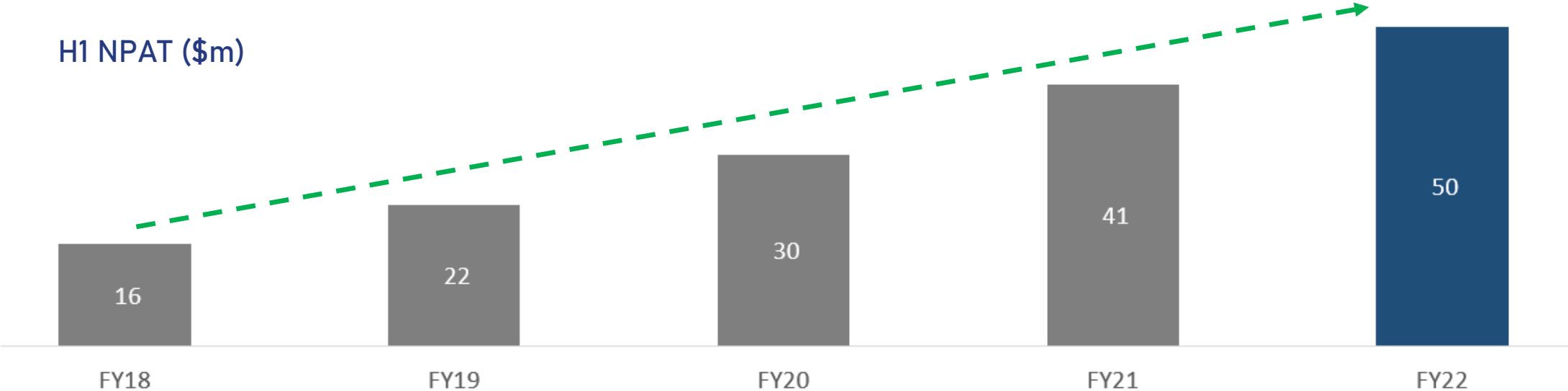
“The business has great foundations and is in a strong position to deliver sustainable growth”

**9%**  
Sales invested into product development

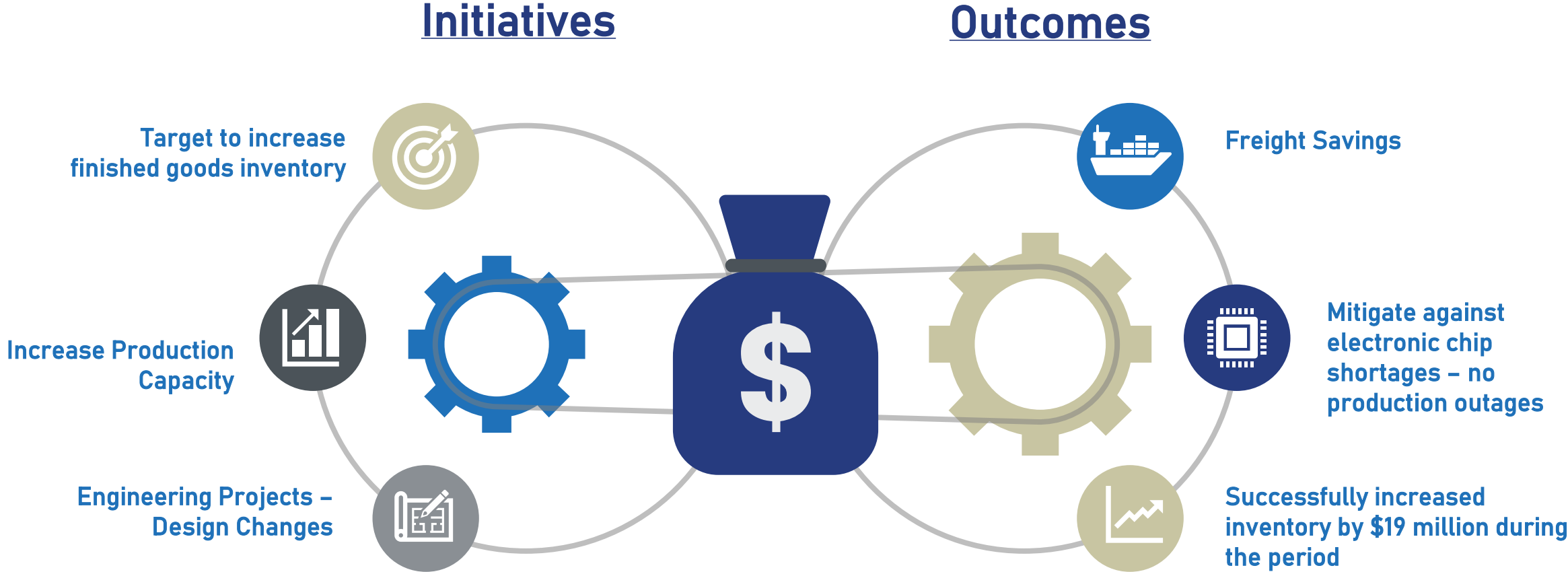
**33%**  
H1 NPAT CAGR

**20%**  
FY22 NPAT Margin

H1 NPAT (\$m)



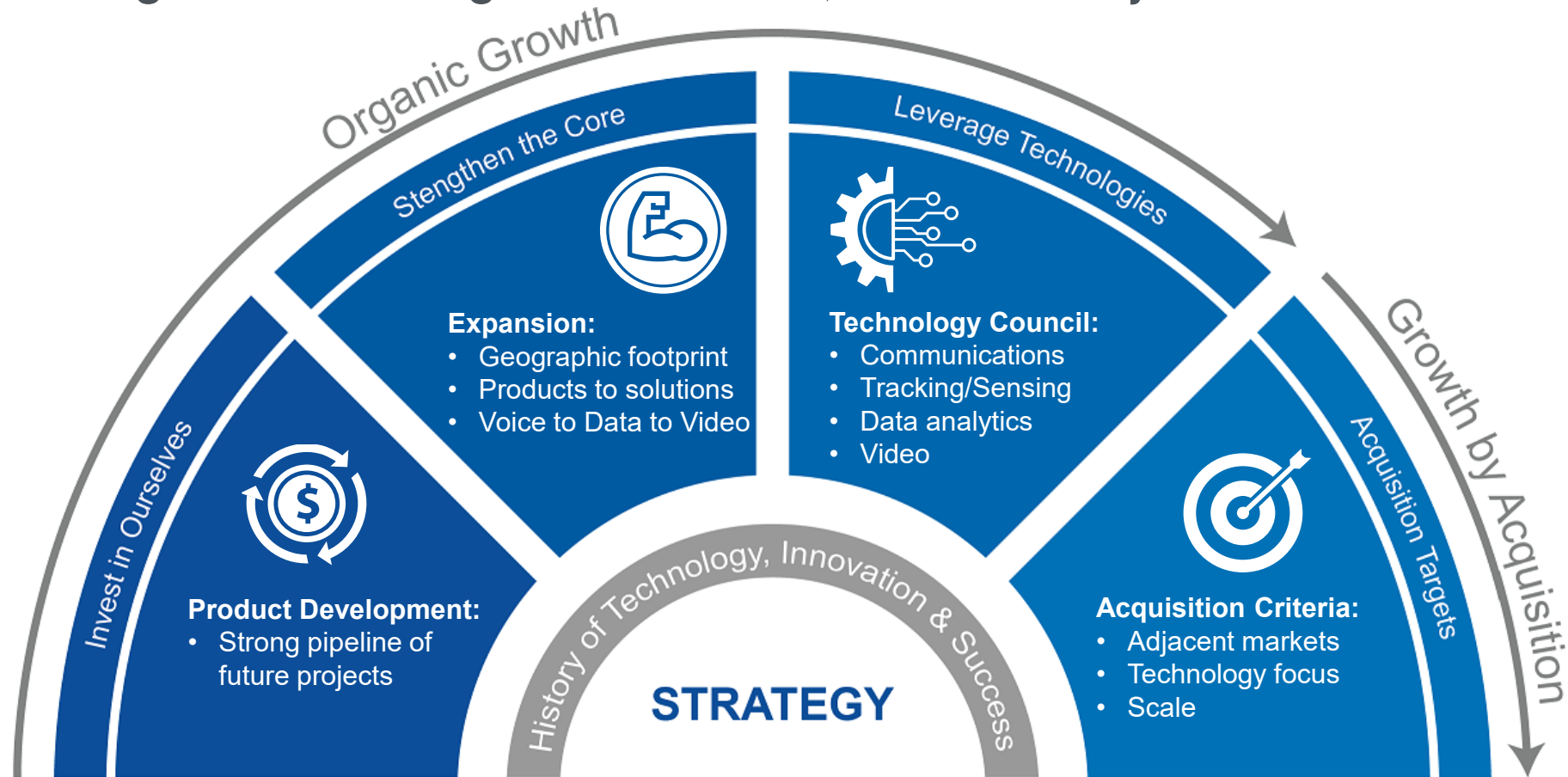
# CODAN'S POSITIVE RESPONSE TO COVID



“In a Covid environment Codan has increased sales prices, reduced operating expenses, maintained supply and kept our employees safe.”

# STRATEGIC GROWTH PLAN

Transforming lives through innovation, wherever you are



# METAL DETECTION

## H1 Overview



### GPX 6000 vs GPZ 7000

Successful developing world take up  
Artisanal Gold Miners starting to adopt

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### Progress on significant new products

4 key new products to be released  
in the near term

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### Expansion of Geographies

India Company established  
Brazil and Mexico offices growth

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### Profitability

Sales price increases  
Reduced operating costs

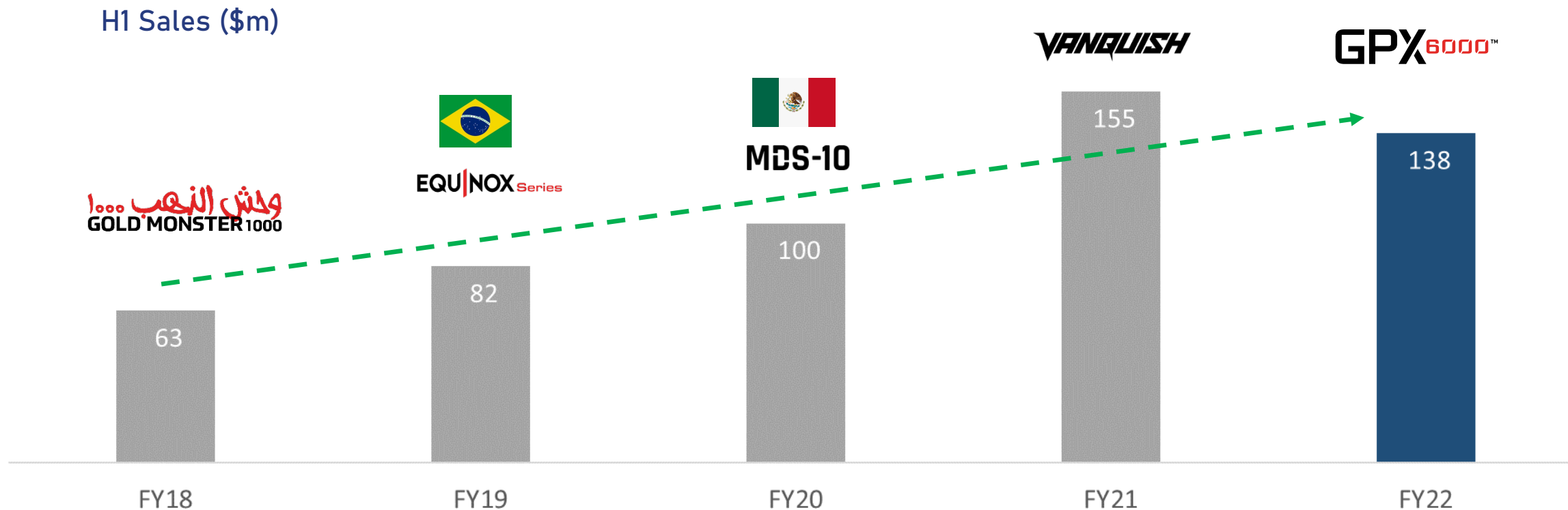
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# HISTORICAL MINELAB SALES

16% CAGR Sales Growth

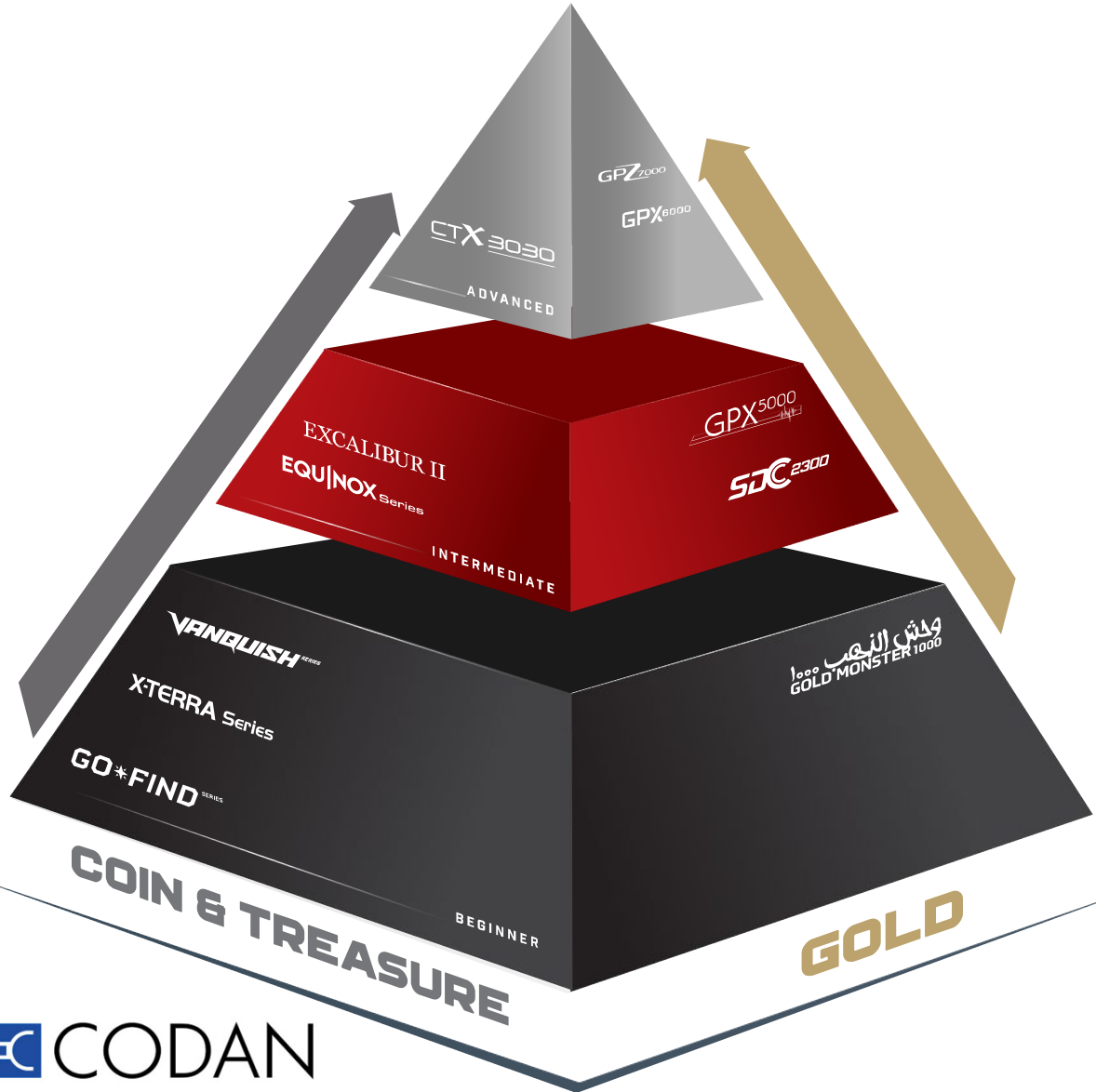


H1 Sales (\$m)



“New product introductions, geographic expansion and increased retail distribution drives Minelab growth.”

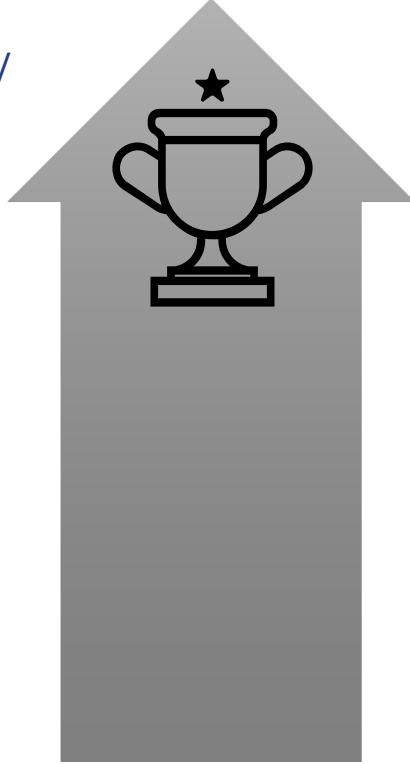
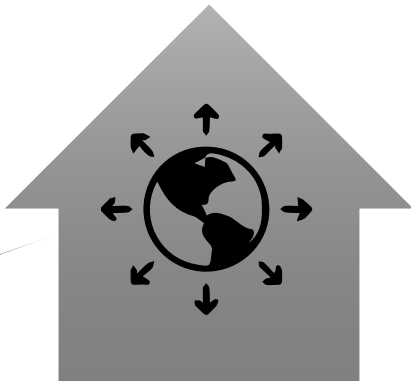
# STRONG ONGOING GROWTH IN METAL DETECTION



**Retain Leadership**  
Market-leading Technology / World-class customer experience

**Technology**  
New technology to customers/  
Leverage retail distribution

**Geographic Expansion**  
Awareness / Emerging Markets / Channels to Market



# DOMO TACTICAL COMMUNICATIONS

## H1 Overview



### Secured Largest Contract in Codan's History

Multi-year agreement – first purchase order: \$37.6 million

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### Acquisition of Broadcast Wireless Systems

Purchase price of \$8 million, December 2021 settlement

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### Strong Order Book

\$78 million with \$36 million to be delivered in balance of FY22

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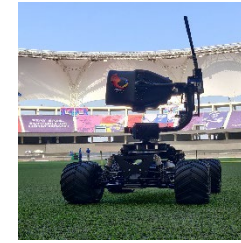
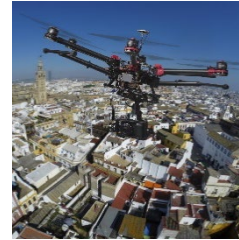
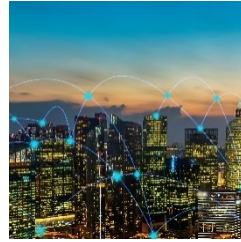
### Exceed Year 1 EBITDA Target

On track to exceed Year 1 EBITDA target of \$14 million

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# TACTICAL & DOMO TACTICAL COMMUNICATIONS

## Products & Markets



Military

Law Enforcement

Unmanned Systems

Broadcast

Commercial

Voice Communications



Video



Surveillance



Command & Control



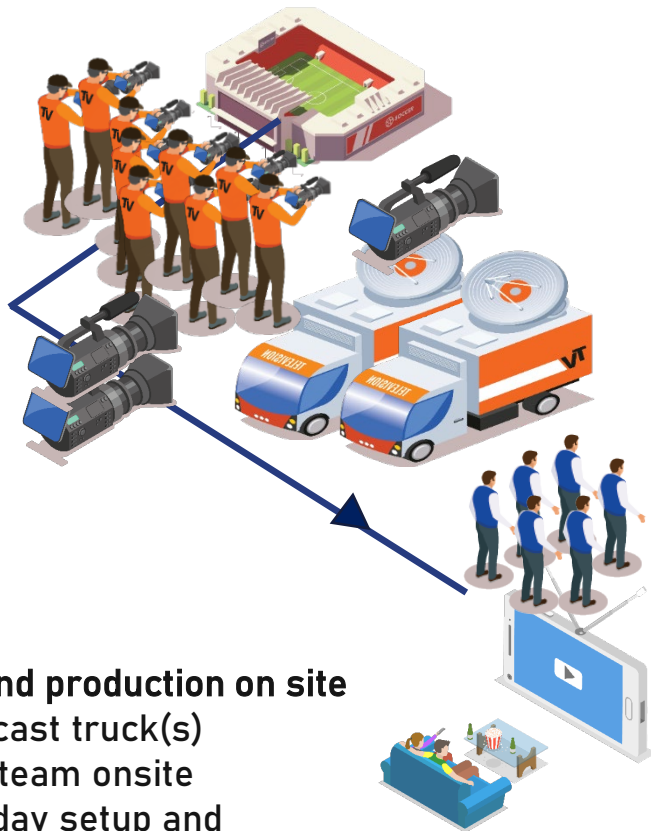
Products

Markets



# BROADCAST WIRELESS TECHNOLOGIES

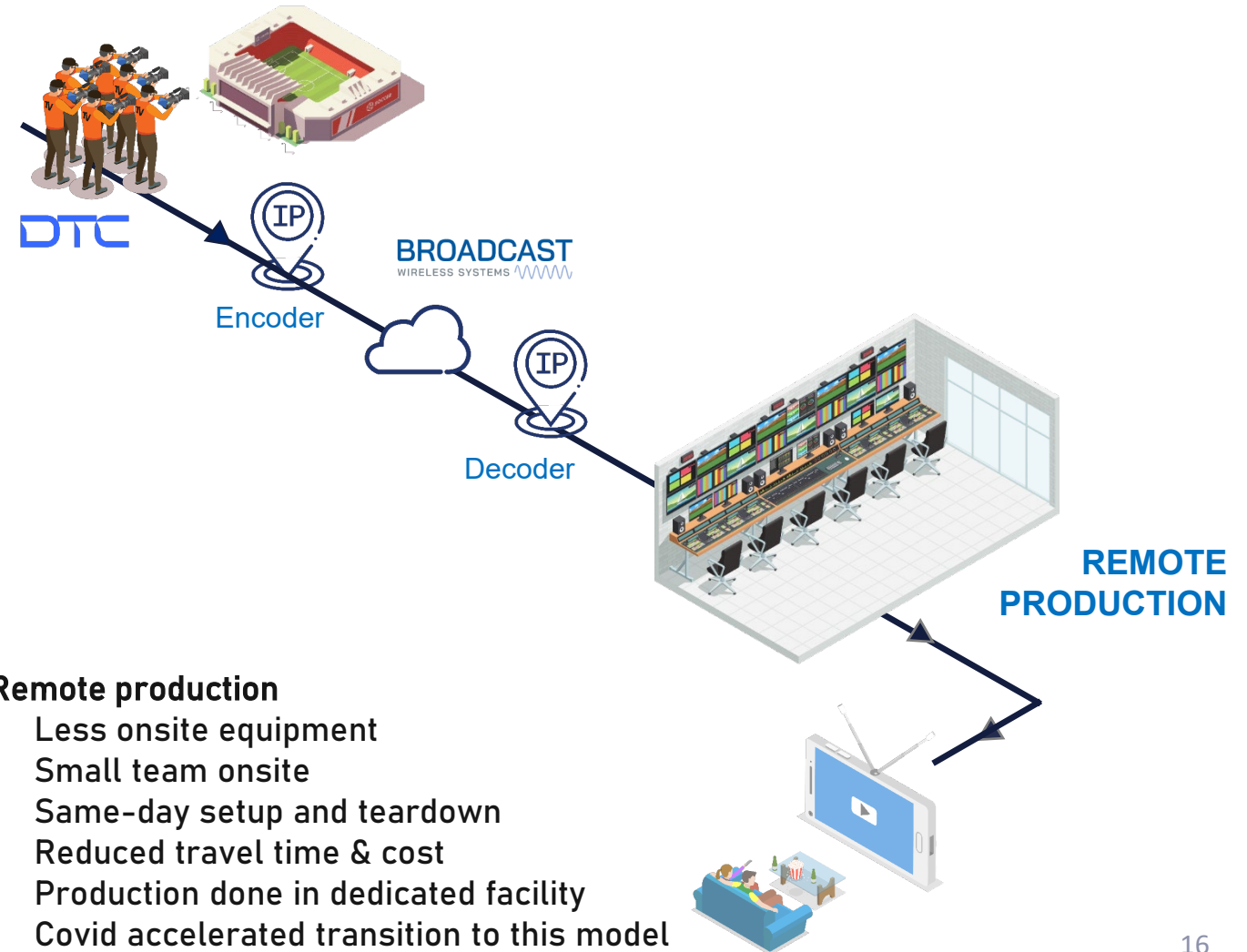
## TRADITIONAL MODEL



### Filming and production on site

- Broadcast truck(s)
- Large team onsite
- Multi-day setup and teardown
- Travel time & cost

## REMOTE BROADCAST MODEL



### Remote production

- Less onsite equipment
- Small team onsite
- Same-day setup and teardown
- Reduced travel time & cost
- Production done in dedicated facility
- Covid accelerated transition to this model

# ZETRON

## H1 Achievements



### Restructure and Integrate

Integration tracking ahead of plan

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### Strong Order Book

\$66 million with \$22 million to be delivered in the balance of FY22

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### Growing Opportunity Pipeline

Winning key opportunities as a systems provider

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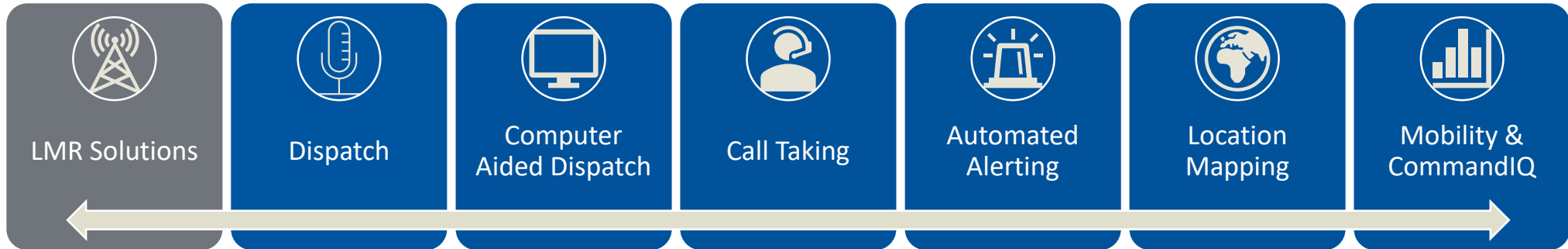
### Exceed Year 1 EBITDA Target

On track to exceed Year 1 EBITDA target of \$8 million

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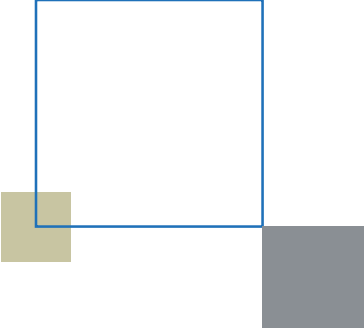
# ZETRON

## Products & Markets



End to End Critical Communications Solution

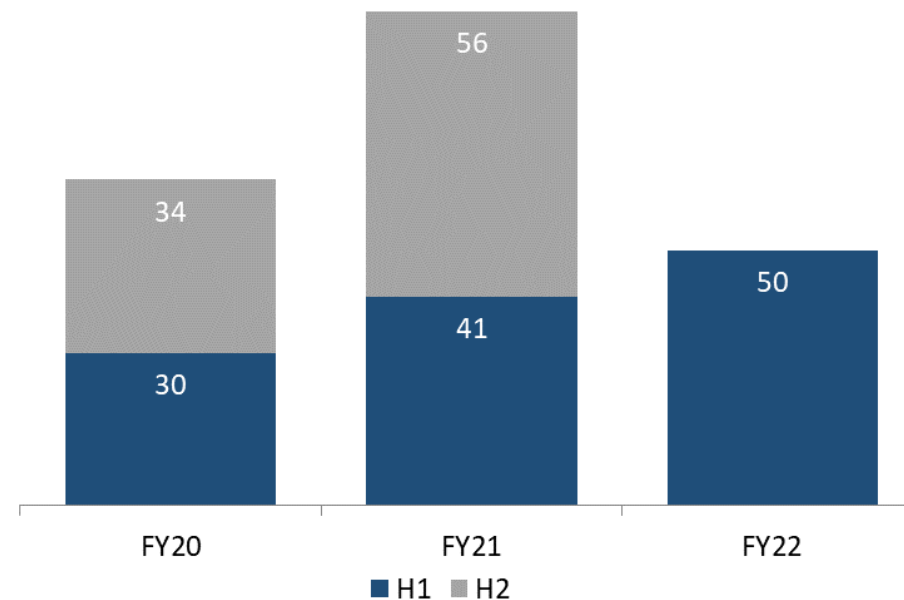
# FINANCIAL RESULTS



# RECORD FY22 HALF YEAR PERFORMANCE

Profit & Loss	Dec-21	Sales	Dec-20
	\$m	%	\$m
Revenue			
<i>Metal Detection</i>	\$137.7	53%	\$155.1
<i>Communications</i>	\$117.7	46%	\$33.6
<i>Other</i>	\$1.4	1%	\$5.8
<b>Total Revenue</b>	<b>\$256.8</b>	100%	<b>\$194.5</b>
EBITDA	\$83.1	33%	\$69.3
EBIT	\$69.9	27%	\$60.7
Net interest	(\$0.7)		(\$0.2)
Net profit before tax	\$69.2	27%	\$60.5
<b>Net profit after tax</b>	<b>\$50.1</b>	20%	<b>\$41.3</b>

Underlying NPAT (\$m)



- Much more balanced and diversified sales portfolio across segments
- Price increases contributed to gross margin improvement
- Operating costs controlled with freight savings achieved
- Maintained excellent profitability margins in a Covid impacted world
- Gain on Minetec sale largely offset by additional one-off integration and restructuring expenses

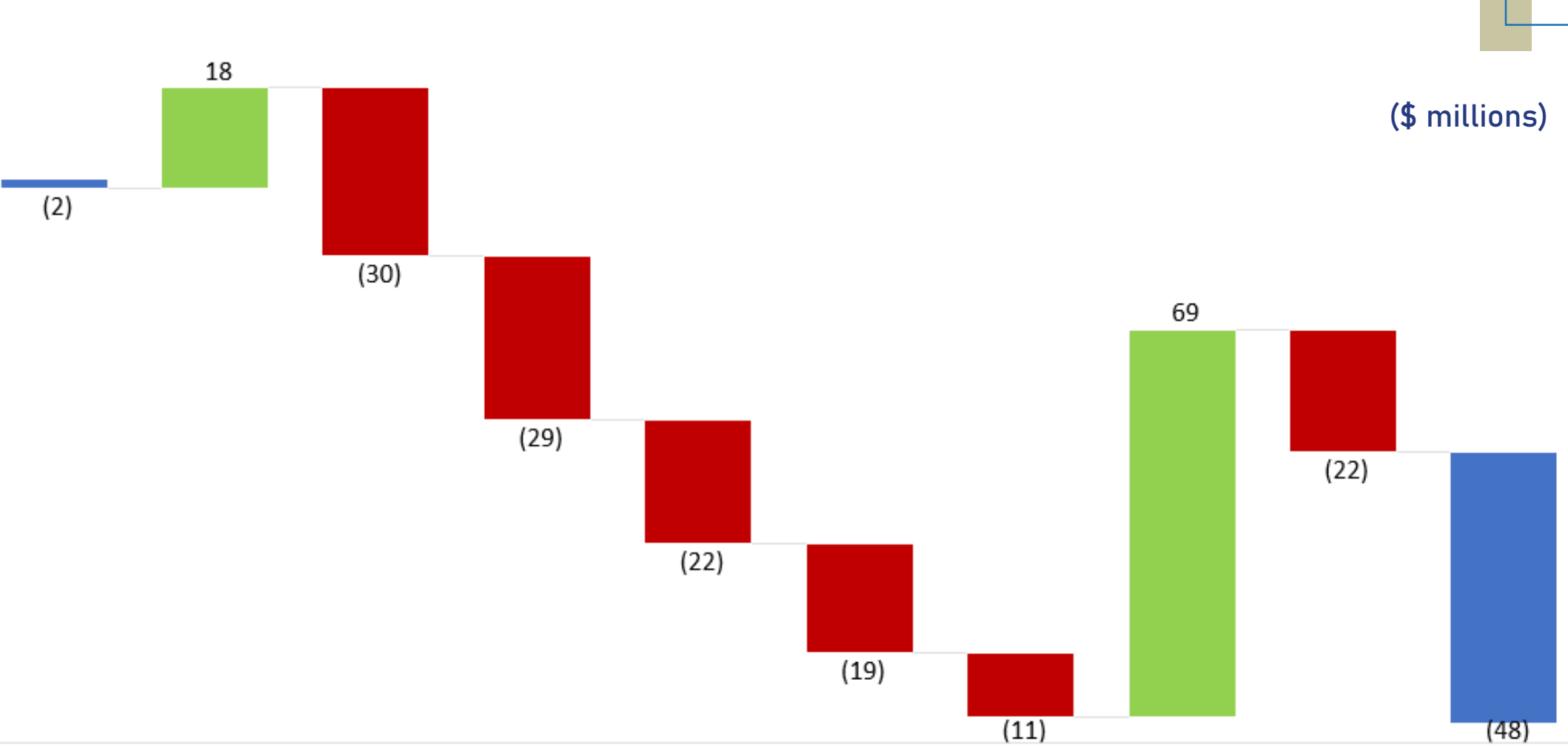
# FINANCIAL POSITION

Strong balance sheet – planned investment in working capital

Balance Sheet	Dec-21	Jun-21	Change
	\$m	\$m	\$m
Receivables	64.1	35.0	29.1
Inventories	85.8	66.4	19.4
Payables	(84.7)	(106.5)	21.8
<b>Total working capital</b>	<b>65.2</b>	<b>(5.1)</b>	<b>70.3</b>
Property, plant & equipment	19.2	17.8	1.4
Product development	81.0	74.6	6.5
Intangible assets	267.0	254.3	12.7
Other assets	19.2	33.2	(14.0)
Other liabilities	(72.7)	(69.4)	(3.3)
<b>Net assets before debt</b>	<b>378.8</b>	<b>305.2</b>	<b>73.6</b>
Net cash (debt)	(47.9)	(1.6)	(46.2)
<b>Net assets</b>	<b>331.0</b>	<b>303.6</b>	<b>27.3</b>

- Increased debtors driven by higher Communications sales in November and December 2021
- Investment in inventory, reduced freight costs and mitigate supply chain risks
- Payables high at June 2021 due to prepayments from customers to secure supply
- Net debt increase driven by working capital investment and FY21 related cash outflows
- As working capital normalises over the second half the cash flows will follow

# CHANGE IN NET DEBT POSITION

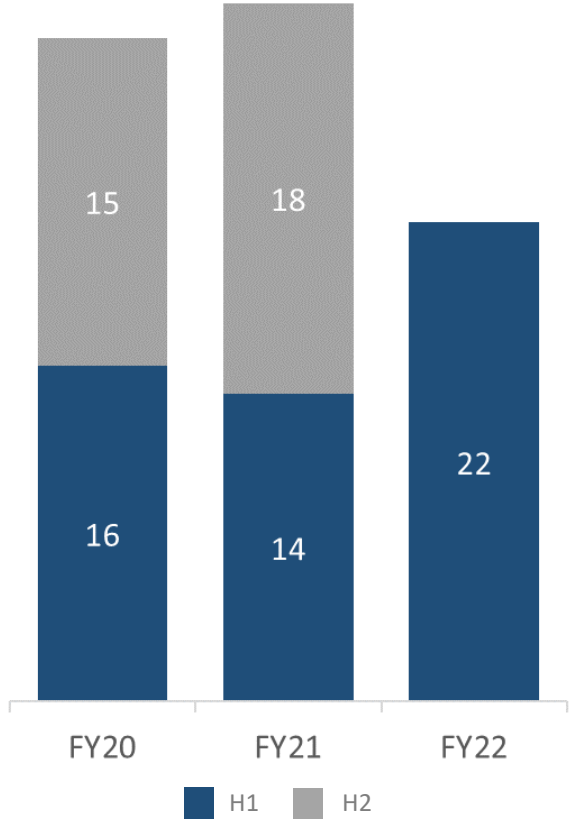


(\$ millions)

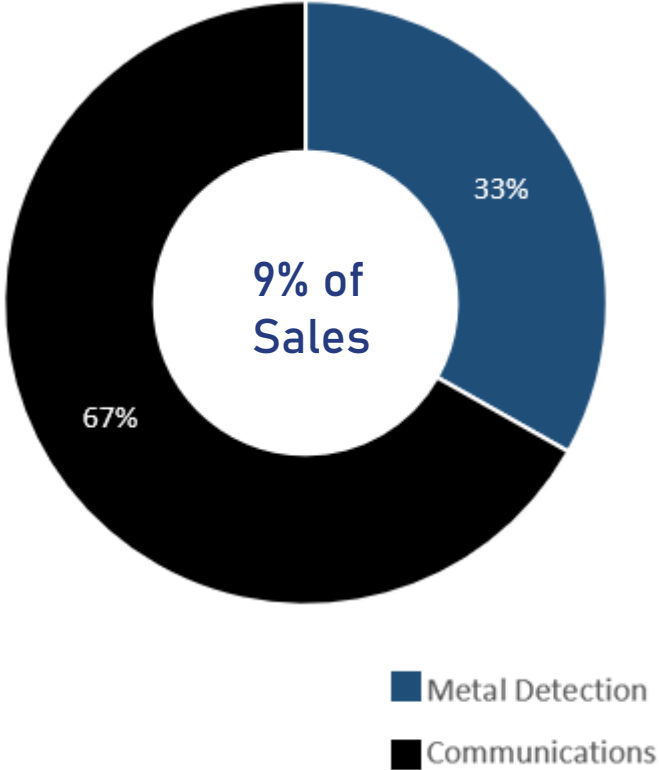
# ENGINEERING INVESTMENT

Strong pipeline of projects

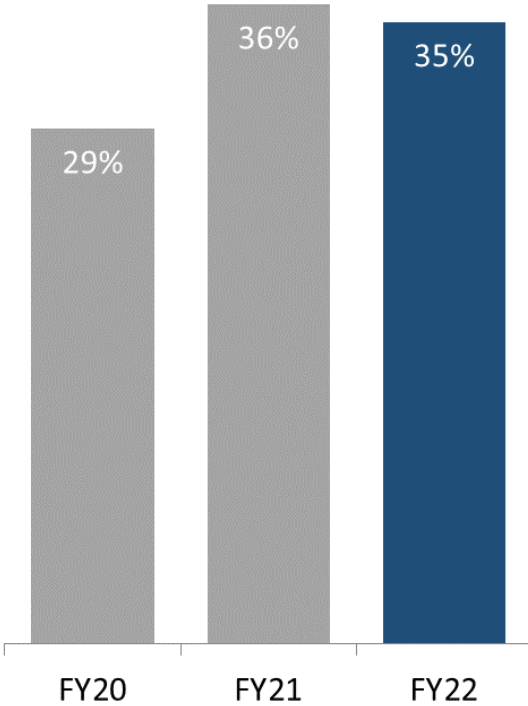
Engineering spend (\$m)



Engineering Spend by Business Unit



Return on Equity<sup>1</sup>



<sup>1</sup>Return on equity = rolling 12 month net profit after tax divided by average equity



# FY22 OUTLOOK

## Number of factors that are relevant when considering the outlook for FY22:

- The successful uptake of GPX6000® gold detectors into the developing world;
- Resolution of the on-going civil unrest in Sudan;
- The extent to which, DTC and Zetron will exceed their initial full year profit targets;
- The challenges that Covid continues to pose.

**We will update shareholders as the year progresses.**



# Appendix



# CODAN LIMITED OVERVIEW

Innovation wherever you are

 **150+** Sell to over 150 countries around the world |  **700+** employees around the world

**10** sites across the globe:



AUSTRALIA



BRAZIL



CANADA



DENMARK



IRELAND



MEXICO



SINGAPORE



UAE



UK



USA

The Codan group consists of the following brands:

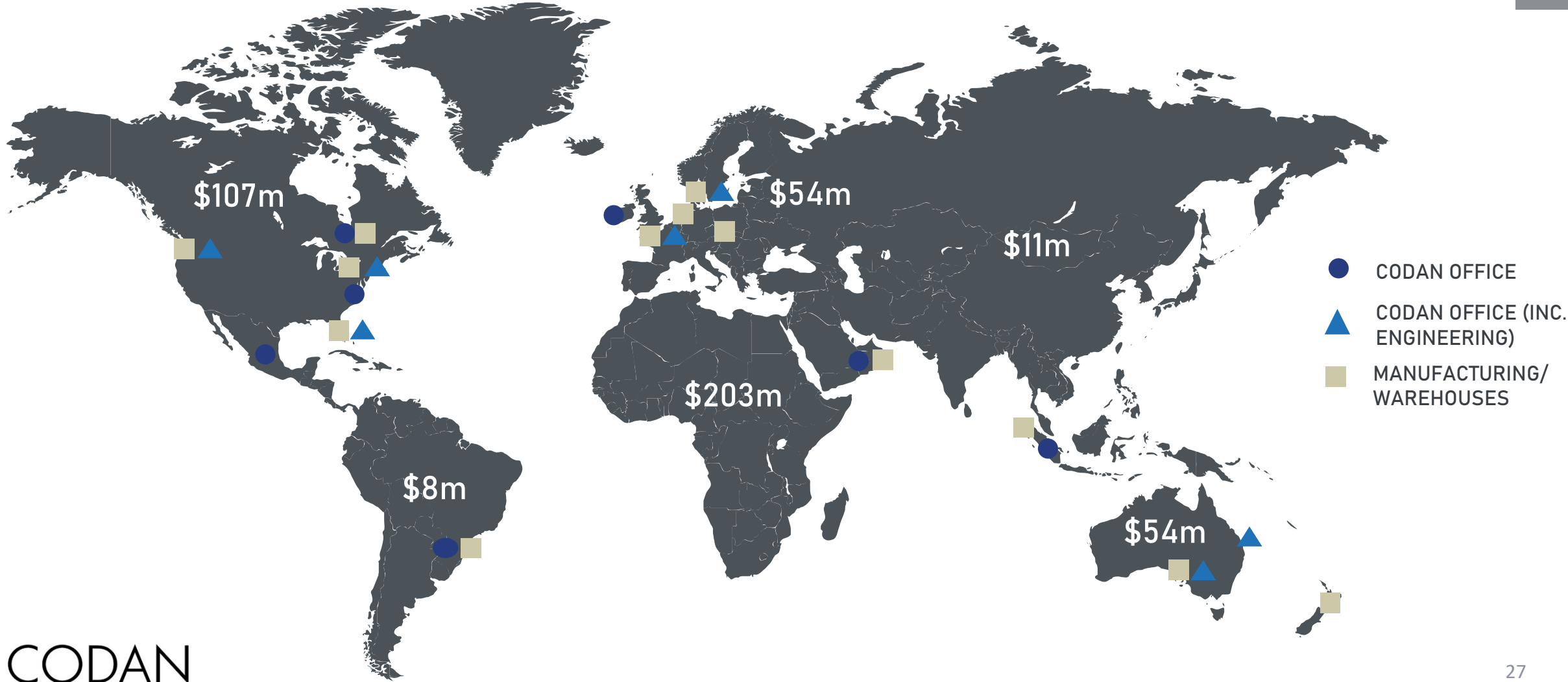


**CODAN**  
COMMUNICATIONS



# FY21 GLOBAL FOOTPRINT

Customers in 150 countries, exporting around 85% of sales





### RECREATION

Coin & Treasure, Gold Detectors

Key markets — Australia, USA, Europe, Russia

Users:

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



### 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



# GOLD PRODUCTS

Products to service all types of prospectors

## GOLD DETECTOR RANGE

NEW RELEASE



والتن الذهب 1000  
GOLD MONSTER 1000

USD RRP ex tax/shipping

\$899



SDC 2300

\$3299



GPX Series

\$3999



GPX 6000™

\$5999



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.*

Model	Price Range (USD RRP ex tax/shipping)
GO*FIND	\$99 - \$249
VANQUISH	\$199 - \$499
EQUINOX Series	\$649 - \$899
EXCALIBUR II	\$1499
E-TRAC	\$1549
CTX 3030	\$2499

USD RRP ex tax/shipping

\$99 - \$249

\$199 - \$499

\$649 - \$899

\$1499

\$1549

\$2499

HOBBYIST

ENTHUSIAST

SPECIALIST

EXPERT

# PUBLIC SAFETY COMMUNICATIONS

## Strategic fit of Zetron with LMR

