

26 October 2022

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

Dear Sir/Madam

**2022 AGM - Investor Presentation**

Please find attached a copy of Codan Limited's investor presentation dated 26 October 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:-**

Michael Barton  
Company Secretary & CFO  
Codan Limited  
(08) 8305 0392

Kayi Li  
Manager, Investor Relations  
Codan Limited  
(08) 8305 0392



**2022**  
**Codan Limited**  
**Annual General**  
**Meeting**

# IMPORTANT NOTICE AND DISCLAIMER

## DISCLAIMER

This presentation has been prepared by Codan Limited (ABN 77 007 590 605) (Codan). The information contained in this presentation is for information purposes only and is not investment, financial product, legal or tax advice.

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).

Statements in this presentation are made only as of the date of this presentation unless otherwise stated and the information in this presentation remains subject to change without notice. Codan is not responsible for providing updated information to any prospective investors.

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

The historical information in this presentation is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX.

This presentation may contain forward-looking statements with respect to the financial condition, results of operations, business of Codan and certain plans and objectives of the management of Codan. Actual outcomes may differ materially from forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are likely to involve uncertainties, assumptions, contingencies and other factors. As a result, unknown risks may arise, many of which are outside the control of Codan. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Codan disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

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

# FY22 FULL YEAR SUMMARY

## Sales

\$506.1m

Increased by 16%

## EBITDA

\$162.0m

Increased by 2%

## Underlying NPAT

\$100.5m

Increased by 3%

## Underlying EPS

55.7 cents

Increased by 3%

Record group sales of \$506 million (+16% YoY) and underlying NPAT of \$100.5 million (+3% YoY)

Acquisition of DTC and Zetron, balancing sales portfolio and geographic exposure

- Exceeding first year targets, achieving \$19 million and \$15 million EBITDA respectively

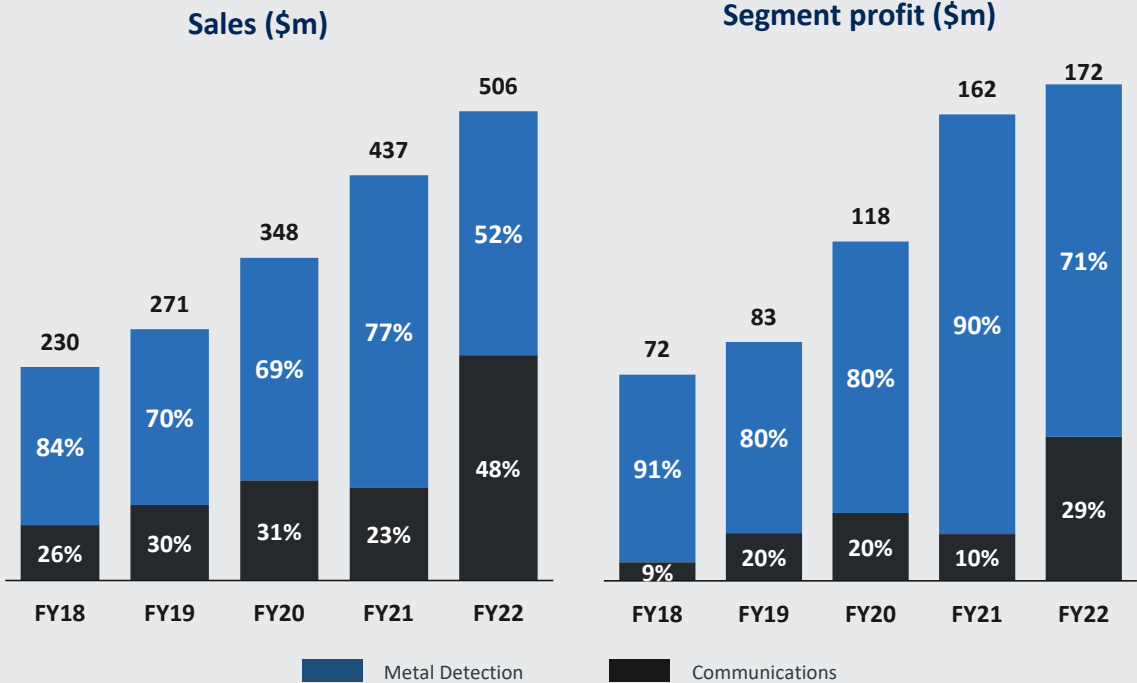
Balanced, well-diversified sales across core segments

Enhanced geographic diversification across Rest of World

Final dividend declared of 15.0cps, taking full year dividends to 28cps (+4% YoY)

# DIVERSIFICATION – METAL DETECTION VS COMMUNICATIONS

Achieving a more-balanced and predictable revenue base

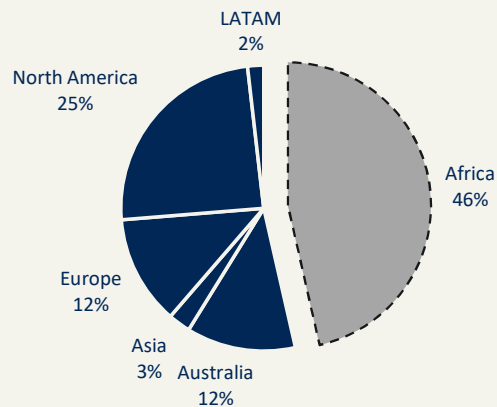


- Successfully diversified both sales and segment profit
  - Communications sales +153% YoY, driven by DTC and Zetron
  - Communications segment profit of 29% in FY22
- Continued focus on growing Communications segment profit margin
- Targeting long-term Communication segment profit margins ~30%

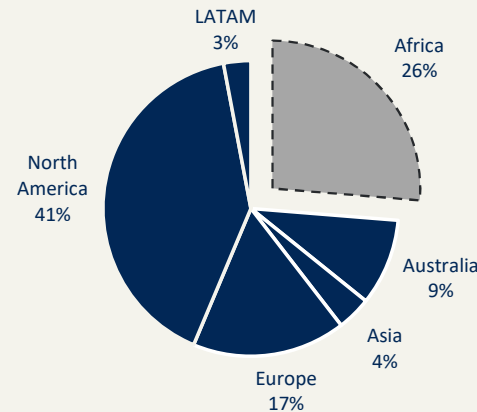
# AFRICA VS REST OF WORLD

Favorable geographic mix, enhancing group stability

FY21 Sales



FY22 Sales



- Growing RoW<sup>1</sup> contribution, notably developed markets exposure
- During FY22, RoW sales grew \$139 million (+59% YoY)
- Greater stability, predictability of revenues with reduced dependence on Africa
  - In FY22, Africa sales reduced to ~26% of group sales (from 46% in FY21)
- RoW sales in FY22 was evenly distributed across business units:
  - Minelab (37%)
  - Tactical/DTC (36%)
  - Zetron (27%)



# METAL DETECTION OUTLOOK

Challenging market conditions remain



 CODAN

- Execution of strategy to strengthen Minelab via geographic expansion and development
- Africa – historically Minelab’s largest market – remains materially disrupted
- RoW represents an encouraging growth opportunity, continues to perform well
  - Expect H1 FY23 to be in line with prior year after normalisation for ceased FY22 Russian sales
  - Launch of several new coin and treasure detectors, slated for release in FY23
- H1 FY23 Minelab guidance of:
  - Sales: \$75 to \$80 million<sup>1</sup> (vs \$138 million in H1 FY22)
  - Segment profit margin: ~30% (from 45% in H1 FY22)

<sup>1</sup> Reduction primarily relates to: (i) disrupted African market; (ii) normalisation of sales, post COVID; (iii) ~\$15 million of additional FY22 sales not repeated in FY23; and (iv) ceased FY22 Russian sales of \$7 million.

# COMMUNICATIONS OUTLOOK

Significant future growth engine



- Pleasing performance in FY22 has continued into FY23
- Communications well positioned for success – orderbook has increased ~10% since 30 June 2022
- Strong contribution from both Zetron and Tactical communications businesses, as both acquisitions enhance value offering to customers as full-solution provider
- Successfully restructured front-end capability, investment driving demand in key growth markets
- H1 FY23 Communications guidance of:
  - Sales: \$123 to \$135 million<sup>1</sup> (+5 to 15% vs H1 FY22)
  - Segment profit margin to 25% over FY23 (from 21% in FY22)

<sup>1</sup> With respect to the large communications project announced at this time last year, there is currently some uncertainty relating to the timing of shipments.



# GROUP OUTLOOK



 CODAN

- To recap, H1 FY23 outlook:
  - Macroeconomic and geopolitical factors significantly impacted Minelab African sales
  - Minelab's RoW sales proving resilient, in line with a normalised FY22
  - Communications to deliver strong growth across sales and segment profit margin
- H1 FY23 NPAT guidance of \$25 – \$30 million (vs \$50 million in FY22):
  - Timing of shipments for the large Communications contract
  - Lack of visibility in a number of African markets, in particular Sudan
- H1 FY23 cash generation impacted by declining Africa sales
- Net debt of ~\$70 million expected as at 31 December 2022
- Expected return to positive cash generation in H2 FY23, driving down net debt position

# BUILDING A STRONGER CODAN

## MAXIMISING PROFITABILITY

Primary objective of maximising sales and profitability across all business segments



## CASH GENERATION

Focused on cash generation and ensuring appropriate working capital requirements maintained within each segment



## DIVERSIFIED EARNINGS

Targeting a more diversified earnings base across the group, from both a segment and geographical perspective



## REDUCE RELIANCE

Reduce relative reliance on Africa, growing exposure to more stable, repeatable and predicative revenue streams



## STRENGTHEN BALANCE SHEET

Further strengthen balance sheet, maintaining flexibility



# Business Unit Presentation



# METAL DETECTION – AFRICA

- 54 countries in Africa – almost all have artisanal mining activity
- Codan's footprint includes 10 dealers in 34 countries
- 19 accredited service centres in 13 countries

## Our response to the current situation:

- Launch of GPX6000 into Africa has commenced
- Continuous in country product promotion via prospecting teams, driving engagement with end users:
  - Demonstrate
  - Educate
  - Support; and
  - Sales





# METAL DETECTION – REST OF WORLD



## KEY INITIATIVES:

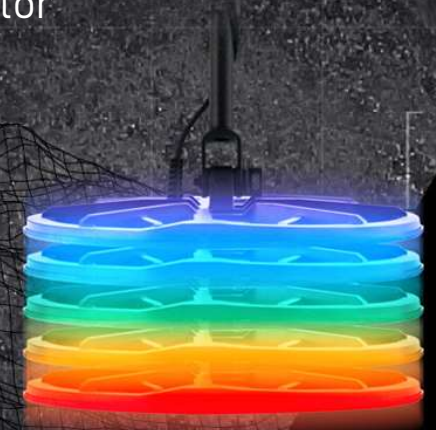
- Several new Coin & Treasure detectors
- Direct E-Commerce presence
- Ongoing development in retail across USA, Australia and Europe
  - New retailers
  - Larger store presence
- Minelab India office established
- Significant Countermine orders:
  - Ukraine
  - Defence



# MANTICORE



- High End Coin and Treasure Detector
- US\$1,599 RRP
- High Power Multi-IQ+
  - Fast Target Separation
  - More Depth
- 2 Dimensional Discrimination
- Waterproof
- Lightweight
- Significant pre-orders



**Multi-IQ+**

High Power Simultaneous Multi-Frequency

# Business Unit Presentation





# MARKET DIVERSITY ENSURES REVENUE STABILITY AND GROWTH



## MILITARY

### Market Segment

- Army
- Navy
- Airforce

### Customer Type

- Defence
- Para Military
- Special Forces



## LAW ENFORCEMENT & INTELLIGENCE

### Market Segment

- Safe Cities
- Domestic Security

### Customer Type

- Intelligence Community
- Public Safety
- Homeland Security



## UNMANNED

### Market Segment

- Air
- Ground
- Maritime

### Customer Type

- Military
- Law Enforcement
- Commercial



## BROADCAST

### Market Segment

- Wireless Camera
- Remote Production

### Customer Type

- Sports
- News
- Entertainment



## COMMERCIAL/NGO

### Market Segment

- NGO
- Commercial
- Oil & Gas

### Customer Type

- Humanitarian
- Peacekeeping
- Transport

# TACTICAL COMMUNICATIONS

## WHY WE WIN

- Unique, world class radio waveforms
- Market segmentation and focus
- Globally distributed engineering of excellence
- Core intellectual property that is scalable
- Long term customer relationships

## KEY WINS

- Strong HF orders \$11.8m in total over the first quarter
- Renewal of US military customer contracts \$8.8m
- Strong broadcast order intake \$6.5m
- UN multi-year contract renewal \$4.1m
- \$2.3m from US Government customer for HF
- Key UAE military customer \$1.4m
- Australian ADF Phase 1 contract award \$0.5m
- Key project wins in US Law Enforcement – DHS Safe Cities \$7.2m and DoJ Safe Cities \$7.1m

# TACTICAL COMMUNICATIONS – CASE STUDY SOUTHERN BORDER



- Coverage where you don't have coverage today
- Augment or be augmented by 4G or 5G
- Private spectrum so hard to detect or jam
- Secure with government grade accredited encryption
- Works non-line-of-sight – so where other radio systems struggle
- Very low latency camera allowing law enforcement to detect and track a suspect



# Business Unit Presentation

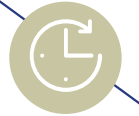


## WHY WE WIN



- More than 75 years of proven experience
- Long term steadfast commitment to standards and interoperability
- End to end solutions backed by excellent services and unwavering commitment to quality
- World class RF performance: ensuring the best possible coverage in the harshest environments
- Unparalleled ease of doing business with – our customers and our partners

## KEY WINS



\$6.8m LMR & Max Dispatch (5 yr term)



\$6.8m ACOM Command & Control (10 yr term)



\$5.8m MAX Call Taking (5 yr term)



\$3.4m ACOM Command & Control (5 yr term)



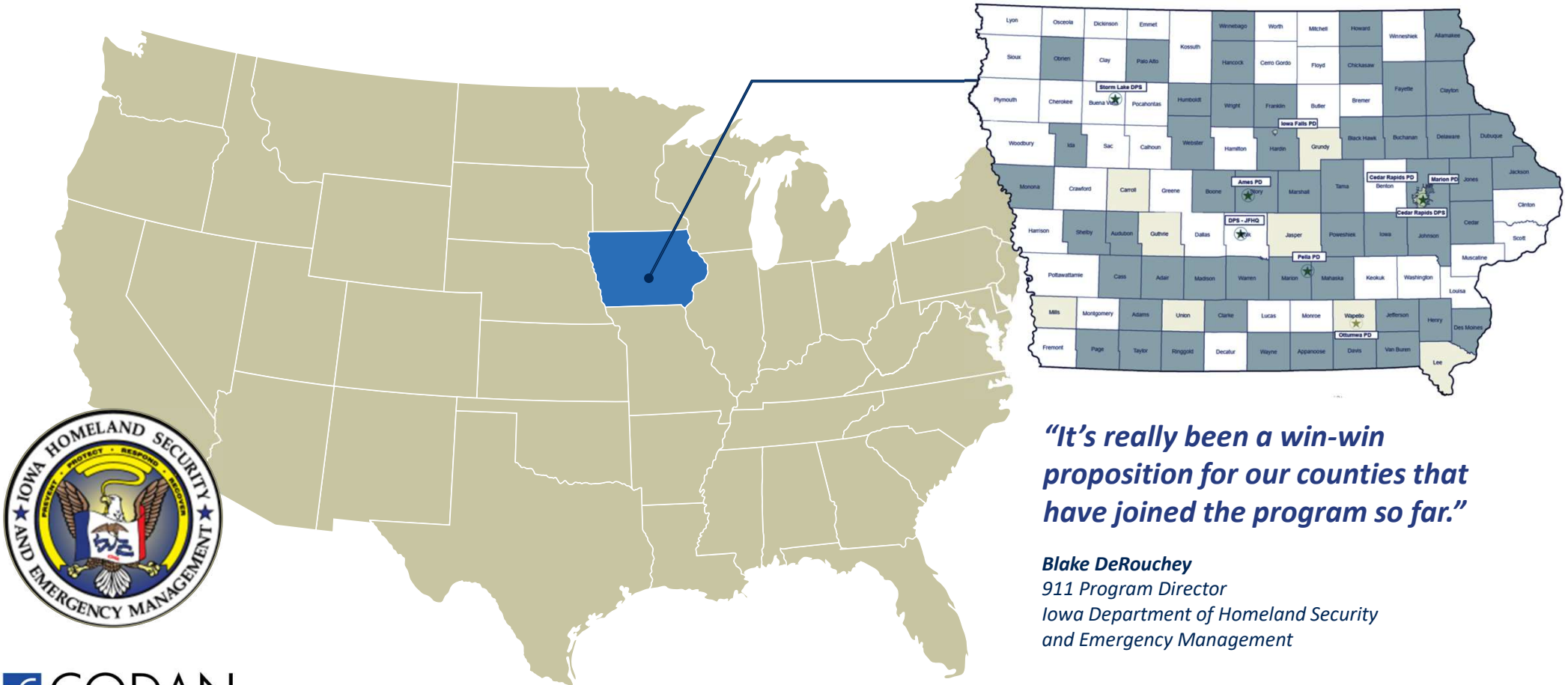
\$1.7m ACOM Upgrade & Service (5 yr term)



\$1.7m ACOM Command & Control (5 yr term)

# CASE STUDY - IOWA

IOWA model to update public safety infrastructure – Zetron well positioned for additional NG911 solutions



*“It’s really been a win-win proposition for our counties that have joined the program so far.”*

**Blake DeRouchey**  
911 Program Director  
Iowa Department of Homeland Security  
and Emergency Management



