

CODAN INVESTOR PRESENTATION 2016

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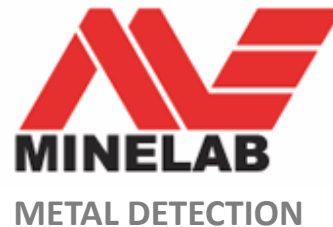
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TECHNOLOGIES FOR GLOBAL MARKETS

- Headquartered in South Australia, Codan is an international company that develops rugged and reliable electronics solutions for government, corporate, NGO and consumer markets across the globe
- Our purpose is to create long term shareholder value through the design, development and manufacture of innovative technology solutions
- Over our 57 year history we have developed technologies which give us a sustainable competitive advantage in our chosen markets



DELIVERING SHAREHOLDER VALUE OVER THE LONG TERM

Shareholder value

We succeed by:

- Developing unique, high value technology
- Delivering superior product performance in the harshest conditions
- Solving customers' safety, security and productivity problems
- Creating multiple revenue streams from globally diversified markets

Core values



Can-Do



High Performing



Customer Driven



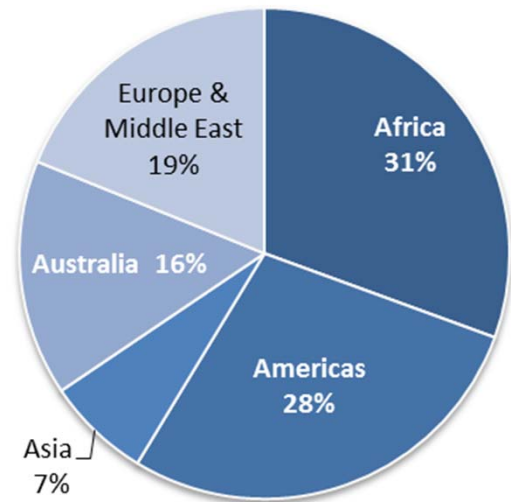
Openness & Integrity

GLOBAL FOOTPRINT – 85% OF SALES EXPORTED

FY16 – closed London office, moved sales resources to Dubai



FY16 sales by location



FY16 OVERVIEW

CONTINUED PROFIT AND DIVIDEND GROWTH

Annual results

- Underlying net profit of \$21.1 million – up 67%
- Statutory net profit of \$15.5 million – up 24%
- Underlying earnings per share of 11.9 cents, up 68%
- Annual fully franked dividend of 6.0 cents, up 71%
- Net debt cut by \$22.8 million over FY16
- Radio Communications – segment contribution increased 15%
- Metal Detection – segment contribution increased 55%

Total
revenue

\$169.5m

Underlying net
profit after tax

\$21.1m

Annual fully
franked
dividend

6.0 cps

Underlying earnings
per share

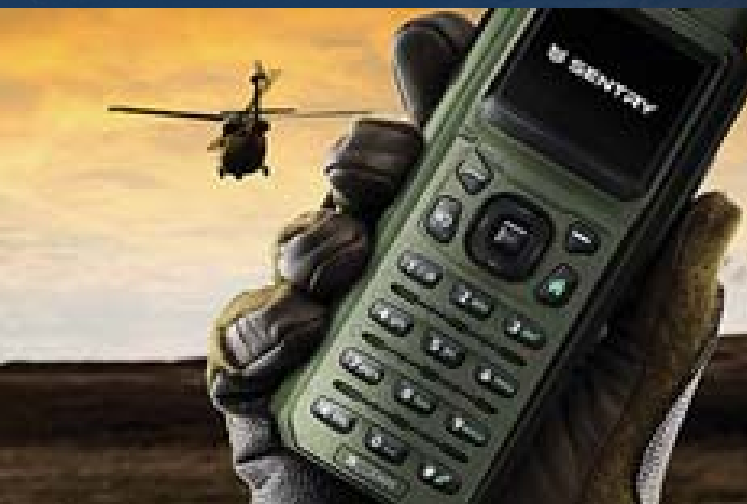
11.9 cps

BUSINESS UNIT UPDATE



RADIO COMMUNICATIONS

Best in class, reliable, user friendly and cost-effective solutions



Technology platforms

Long Range Digital Radio (HF)

- Infrastructure free, long range radio communications
- Used by security, peacekeeping, humanitarian and military organisations
- Predominantly used in Africa, Middle East, Asia

Land Mobile Radio (VHF, UHF)

- Land based wireless systems for voice and low-speed data communications
- Used to transmit mission-critical voice communications between emergency responders
- Codan's markets – North America, Australia

Major Competitors

Barrett Communications (Aus), Datron (US), Elbit (Israel), Icom (Japan), Kenwood (US), Harris (US), Thales (France)

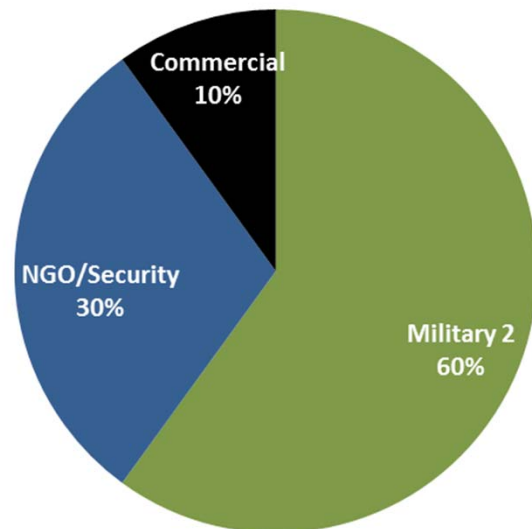
Tait Communications (NZ), EF Johnson (US), Simoco (Aus), Icom (Japan), Harris (US), Motorola (US)

RADIO COMMUNICATIONS

Becoming more relevant in large global markets

Long range digital radio (HF)

- New product development directed at Military 2
- Project based revenues can be variable
- US\$ 500 million market

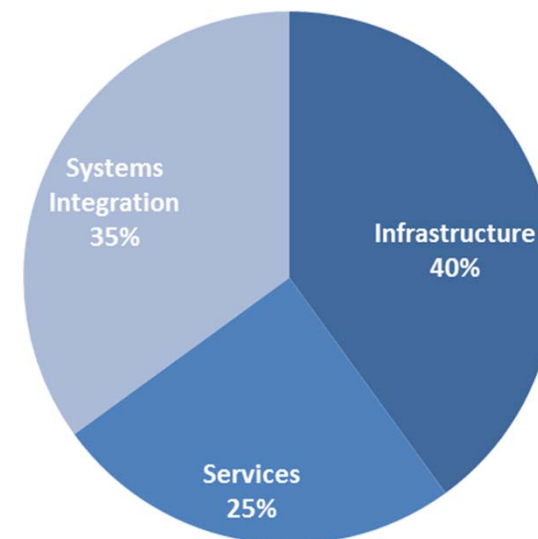


HF market segments:

- Military 2 – developing world military in Africa, Middle East, Asia, Eastern Europe & Latin America
- NGO/Security – UN, Humanitarian, Border Guards & Peacekeeping
- Commercial – Government, Emergency Services & Utilities

Land mobile radio (VHF, UHF)

- New LMR product suite will address this broader market in FY18
- US\$1B market - P25 LMR solutions, North America only
- Market growing at CAGR greater than 14%*



LMR solutions market:

- Infrastructure – repeaters & base station equipment
- Systems Integration – design, planning, installation & commissioning
- Services – assembly, testing, through life support

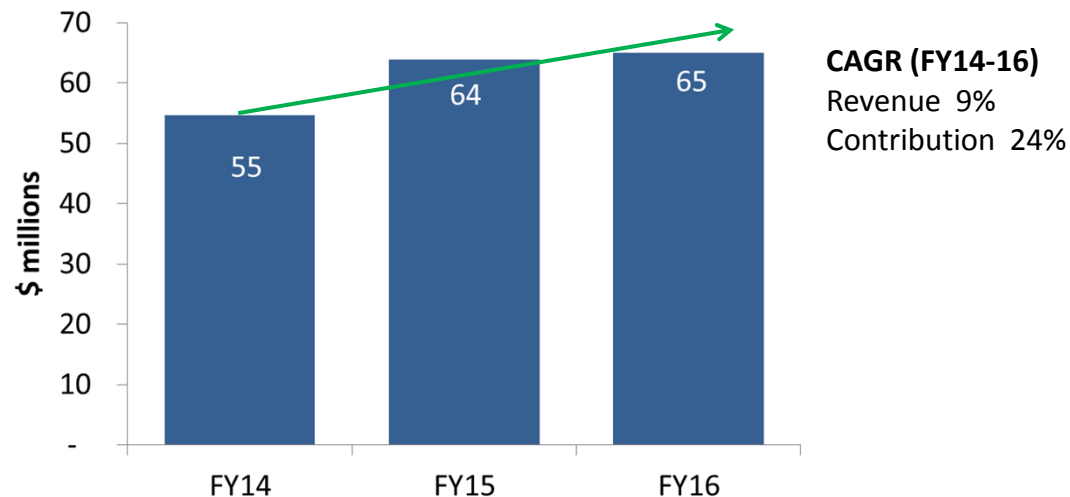
FY16 Summary

- Best result in seven years
- Segment contribution increased 15%
- LMR year-on-year revenue growth circa 50%
- First product launched from new military range
- Approved additional \$5m investment to accelerate new LMR product suite

FY17 Objectives

- Complete new LMR product suite for release in FY18
- Grow sales of new Sentry™, Stratus™ and Cyclone™ products
- Increase sales presence in Africa and Middle East
- Continue to expand dealer network for LMR in North America
- Focus on higher value communications solutions

Radio Communications revenue



FY17 PRODUCT RELEASES

New family of military radios



- Codan's expanded range of tactical products for Military 2 market
- Sentry-V™, a military handheld tactical VHF radio – released June 2016
- Sentry-H™, a military base and mobile HF radio – launching in Sept 2016

Military features:

- VHF for short range (line-of-sight) and HF for long range (beyond line-of-sight)
- Software defined platform
- Simple, multi-language user interface
- Digital voice clarity
- Compact, lightweight, waterproof and extremely rugged
- Interoperable with existing radio networks



METAL DETECTION

Minelab – the world's best hand-held metal detector company



Coin & Treasure Detectors

Key markets - Australia, USA, Europe, Russia
RRP from US\$179 to US\$2,749

Gold Detectors

Key markets - Australia, USA, Europe, Africa
RRP from US\$600 to US\$7,999

Mine Detectors

Sold to demining organisations and governments
Products range from compact soldier units to vehicle mounted systems

Major Competitors

First Texas Products (US), Garrett Electronics (US),
Whites Electronics (US), XP (France)

First Texas Products (US), Garrett Electronics (US),
Whites Electronics (US),
Chinese counterfeit products (Africa)

Vallon (Germany)

METAL DETECTION

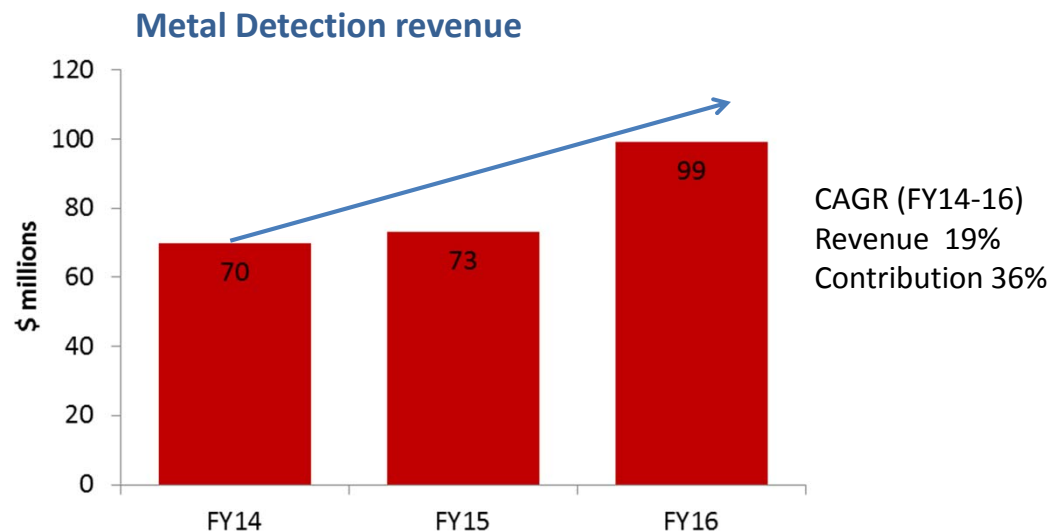


FY16 Summary

- Successfully launched GPZ 7000® gold detector in Africa
- Strong African gold detector sales in second half
- Revenue increased 35% to \$99 million
- Segment contribution increased 55%
- Signed a number of new distribution agreements for coin & treasure market internationally

FY17 Objectives

- Continue product innovation while expanding routes to market
- New product releases to drive sales:
 - larger, improved coil for GPZ 7000®
 - lower priced gold detector designed to outperform competitors in rugged African market
- Expand North American and European retail distribution



METAL DETECTION

New product releases drive revenue growth



- Major platform upgrades result in large initial surges in demand
- Existing customers upgrade to new products
- Three to five year development cycle for major technology platforms
- Results in high return on investment



PLANNED PRODUCT RELEASES IN FY17

GPZ 7000® 19" Super-D coil

- Targeted release 1H FY17
- Additional purchase for those who already own a GPZ 7000®
- High value accessory
- Significant depth increase over standard 14" coil
- Deeper detection (average +30%)
- More ground coverage
- Less ground noise
- Waterproof (to 1metre)

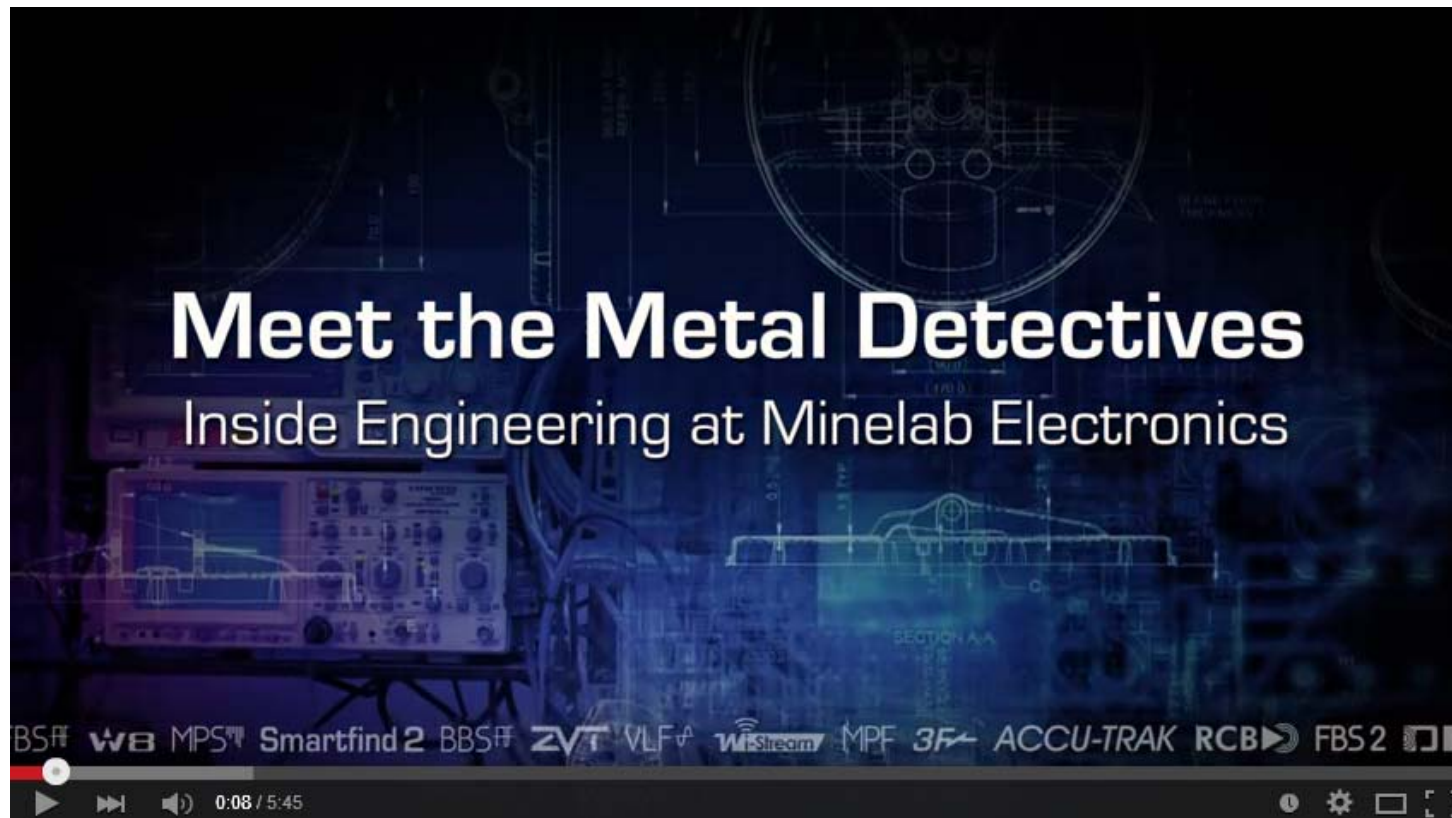
Lower priced African gold detector

- Targeted release December 2016
- Robust detector designed specifically for African conditions
- Modular, simple to use
- Competing with mid-range competitor products, RRP less than US\$1,000
- Price point below that of GPX®



MINELAB ENGINEERING TEAM

World class product development



View this video at:

<https://www.youtube.com/watch?v=f-zgVwbatcg>

NEW HAND HELD DETECTOR FOR AUSTRALIAN DEFENCE FORCE

- \$6.7m development contract awarded by Australian Defence Force in August 2016
- Combining Minelab's new multiple frequency continuous wave metal detection technology with advanced ground penetrating radar
- Dual sensor in compact platform, enhanced capability meeting ADF specifications
- Working with US partner, NIITEK Inc.
- Development completed during FY18
- Will result in world's best dual sensor detector



RECENT NEWS – SIGNIFICANT GOLD NUGGET FIND

145oz, A\$250,000 value

- August 2016
- Found with a GPZ 7000® in a worked-over area of Central Victoria, Australia
- Validates the GPZ® technology in the Australian market



“About 12 inches below the ground, I could just barely make out the top of something. As I began to scrape away the clay and dig deeper, I really couldn’t believe my eyes...”

TRACKING SOLUTIONS



Minetec delivers the world's most accurate underground tracking system with integrated software for efficient mine management

- A single platform for safety & productivity solutions in underground mines
- The most accurate and reliable tracking of assets and people in the industry
- Improving productivity through better asset and people utilisation
- Enabling the transformation to autonomous mining



SMARTS™ output screen

TRACKING SOLUTIONS

Delivering on major contracts for fully operational mines



FY16 Summary

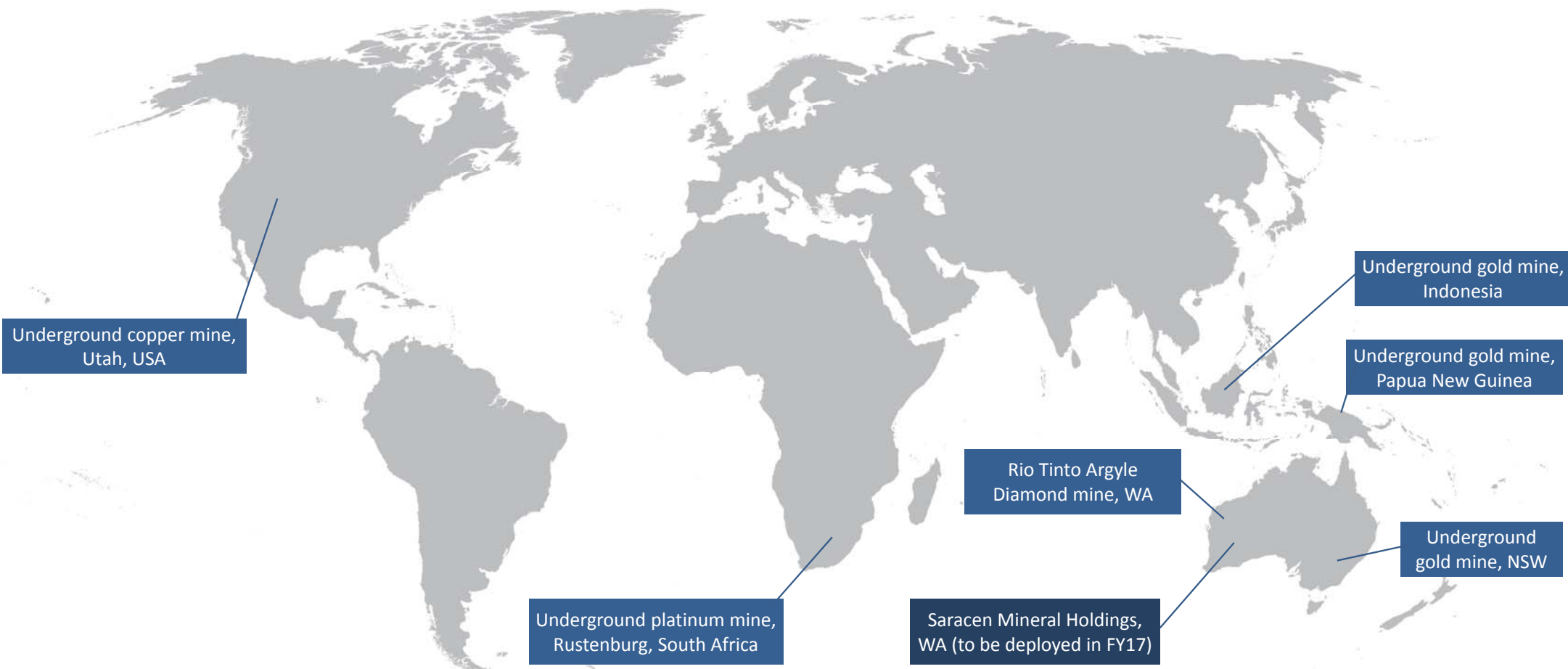
- Products deployed in six operating mines
- Technology proven and delivering operational benefits
- Signed \$1.8m key contract in August 2016 to deploy full product range in WA mine
- Break-even financial performance in second half

FY17 Objectives

- Focus on underground hard-rock gold, copper and diamond mines in Australia and South Africa
- Quantify operational benefits of existing deployments to accelerate and broaden market acceptance
- Continue product development to maintain leadership position
- Pursue complementary routes to market, including collaboration with major OEMs
- Assist industry transition to autonomous mining

TRACKING SOLUTIONS

Minetec products deployed in operating mines

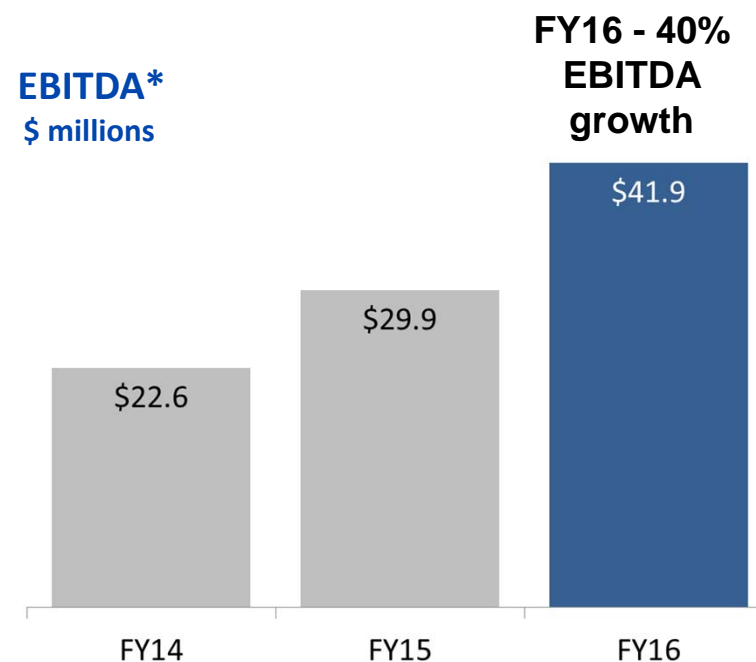
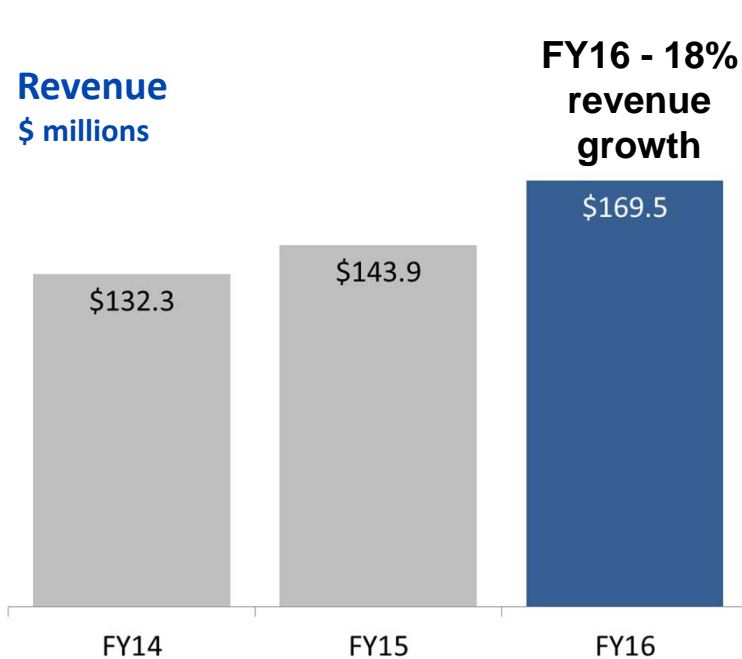




Financial results

CONTINUING PROFIT GROWTH

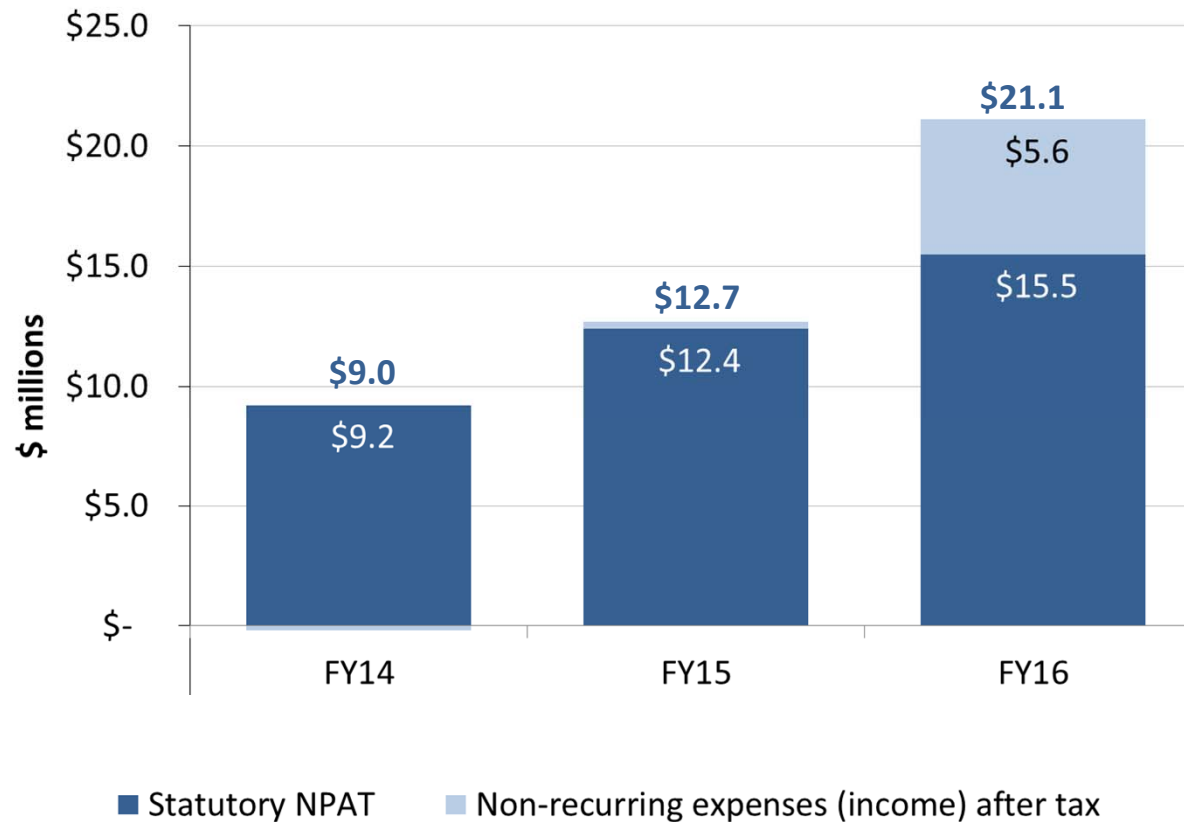
- Continued revenue and EBITDA growth
- Final dividend 4.0 cents, record date 15 September 2016, payment date 4 October 2016
- Full year dividend 6.0 cents – 50% payout ratio



UNDERLYING NPAT

Improving profit margins

- 67% growth in underlying NPAT on 18% sales growth in FY16 due to strong gold detector and radio communication margins without significantly growing expenses



FY16 non-recurring expenses:

- Restructuring expenses incurred as a result of efficiency initiatives - \$1.8m
- Newton building impairment due to weakness in Adelaide real estate market - \$1.0m
- Non-core asset write-down on Minetec - \$2.8m

CONTINUING IMPROVEMENT IN EBITDA AND EBIT MARGINS

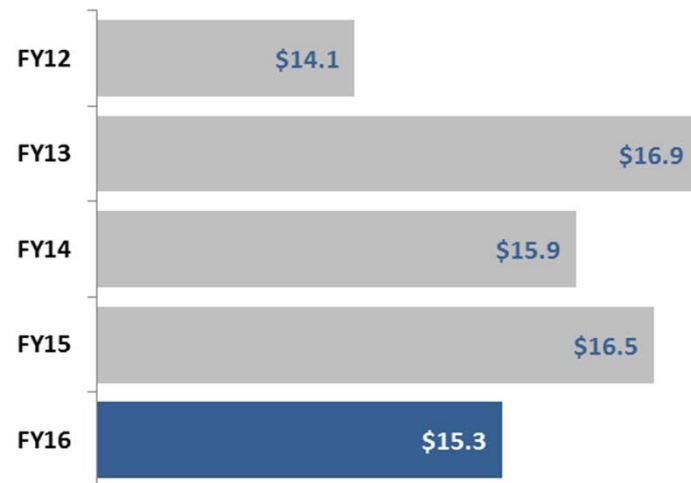
Underlying business performance	FY16		FY15	
	\$m	% to sales	\$m	% to sales
Revenue	\$169.5	100%	\$143.9	100%
<i>Underlying business performance</i>				
EBITDA	\$41.9	25%	\$29.9	21%
EBIT	\$29.2	17%	\$19.3	13%
Net interest	(\$1.7)		(\$2.5)	
Net profit before tax	\$27.5	16%	\$16.8	12%
Underlying net profit after tax	\$21.1	12%	\$12.7	9%
Statutory net profit after tax	\$15.5		\$12.4	

- Profit margins strengthened due to higher margin product mix and continued cost control
- Net interest expense decreased as debt was paid down over the year
- Admin expense remained at approximately 11% of sales – increased expense due to higher restructuring costs and variable expenses
- Sales and marketing expense decreased to 20% of sales – cost base contained with increased sales

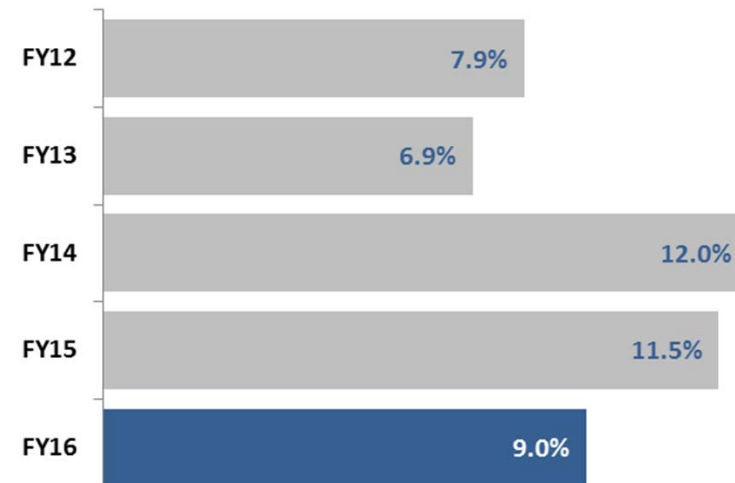
ENGINEERING INVESTMENT

- Continuing our commitment to innovative product development

Engineering spend (\$m)



Engineering spend (% sales)



- Investment in new product development maintained at historically high levels
- Once-off additional \$5 million approved for investment in LMR over FY17
- Expect to move closer to long-term average spend (8-9% sales) over the medium term
- Investment continues across all three business units

STRONG BALANCE SHEET

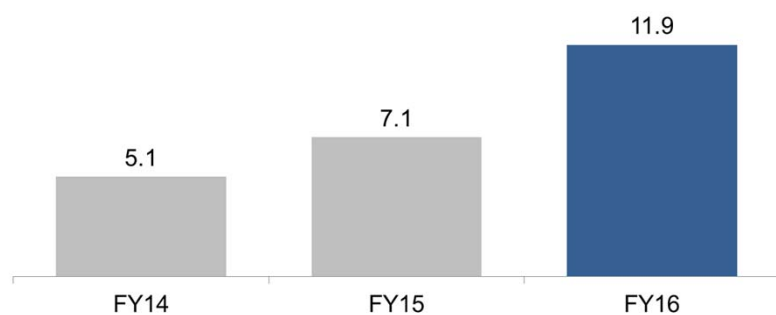
➤ Continuing improvement

- \$47.9 million cash generated from operations over the year as profitability increased and working capital investment improved
- Net debt reduced \$28 million in the second half, to \$12.6 million; well within debt facility of \$85 million
- Gearing ratio reduced from 24% (Dec-15) to 8%

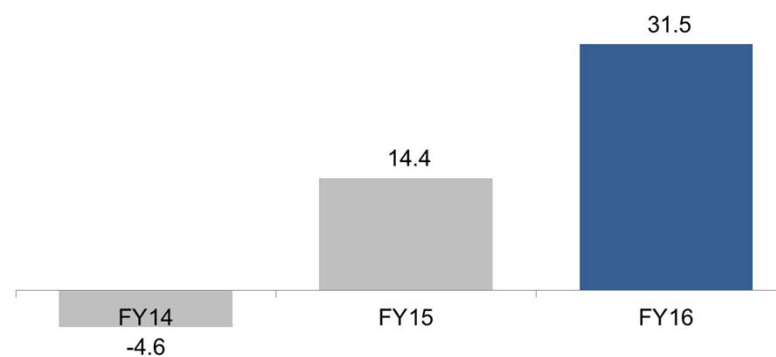
	Jun-16	Dec-15	Jun-15
	\$m	\$m	\$m
Receivables	\$19.1	\$21.4	\$20.4
Inventories	\$28.5	\$33.3	\$31.3
Payables	(\$30.4)	(\$20.5)	(\$25.2)
Total working capital	\$17.2	\$34.2	\$26.5
Property, plant & equipment	\$15.8	\$16.7	\$16.0
Product development	\$45.3	\$44.0	\$42.4
Intangible assets	\$87.6	\$87.5	\$89.3
Other assets	\$1.8	\$2.8	\$2.1
Other liabilities	(\$16.2)	(\$12.6)	(\$12.5)
Net assets before debt	\$151.5	\$172.6	\$163.8
Net debt	(\$12.6)	(\$40.8)	(\$35.4)
Net assets	\$138.9	\$131.8	\$128.4

KEY RATIOS

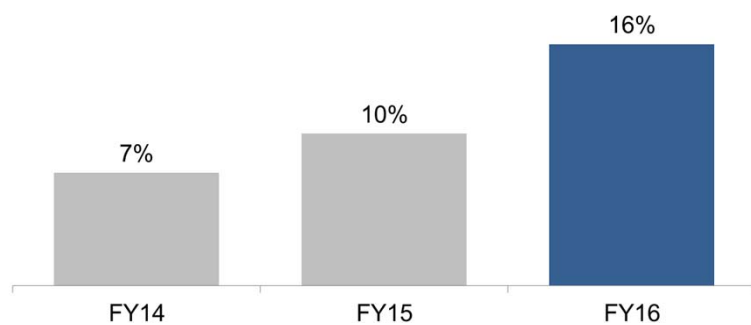
Underlying earnings per share (cents)



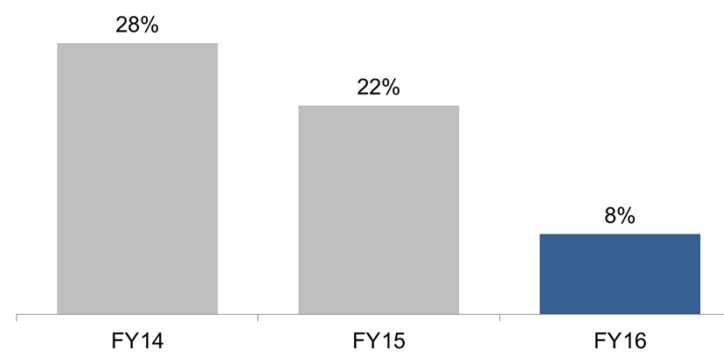
Free cash flow (\$m)²



Return on equity (%)¹



Gearing (%)³



¹Return on equity calculated as underlying net profit after tax divided by total equity

²Free cash flow = operating cash flow + interest – cash outflow for product development, IP acquisition and capital expenditure

³Gearing = net debt / net debt plus equity

OUTLOOK FOR FY17

- Radio Communications expected to deliver result similar to that of FY16
- Minelab expected to deliver moderate sales growth outside Africa and while strong, the African component of Minelab sales remains difficult to forecast
- Minetec expected to deliver a small full-year profit
- Expect a much stronger first half compared to last year
- We continue to focus on accessing larger, growing markets to increase revenue, profitability and reduce earnings volatility
- Plan to provide further business update at AGM on October 27th