

18 February 2021

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

Dear Sir/Madam

FY21 half-year investor presentation

Please find attached a copy of Codan Limited's investor presentation dated 18 February 2021 for release to the market.

Yours faithfully



Michael Barton
Company Secretary
On behalf of the Board

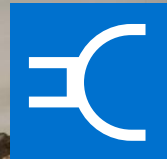
This announcement was authorised for release to the market by the Board of Directors.

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

FY21 HALF-YEAR RESULTS AND UPDATE

Donald McGurk
Managing Director & CEO

Michael Barton
Chief Financial Officer

Paul Sangster
Executive General Manager - Tactical Communications

18
FEBRUARY
2021

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.

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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.

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FY21 HALF-YEAR SUMMARY

- Highest half-year profit in the company's history
- Group sales of \$194 million, a 14% increase against FY20 record first half
- Interim dividend of 10.5 cents, fully franked

Sales

\$194.5m

Increased by 14%

EBITDA

\$69.3m

Increased by 28%

NPAT

\$41.3m

Increased by 36%

EPS

22.8 cents

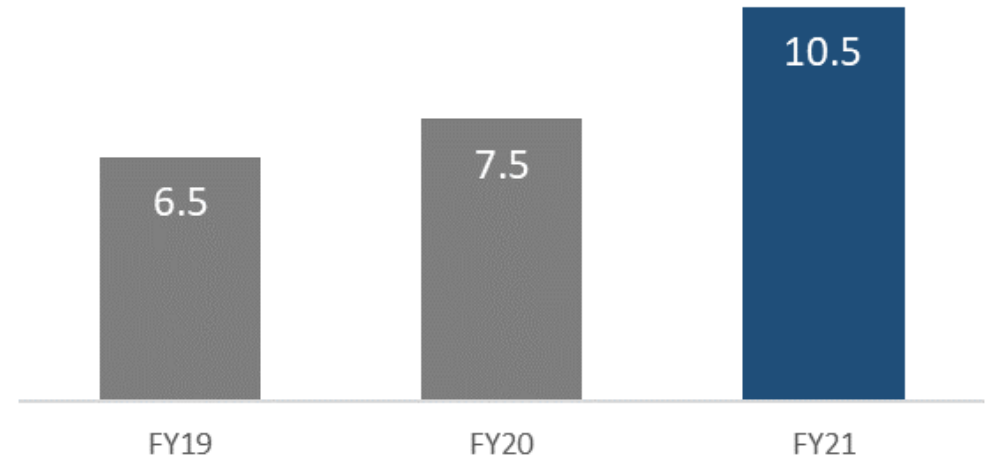
Increased by 36%

INCREASED DIVIDEND

Interim dividend 10.5 cents

- Interim dividend 10.5 cents per share
- Increasing dividends reflect strength of business
- Interim dividend will be paid:
 - Record date 25 February 2021
 - Payment date 11 March 2021

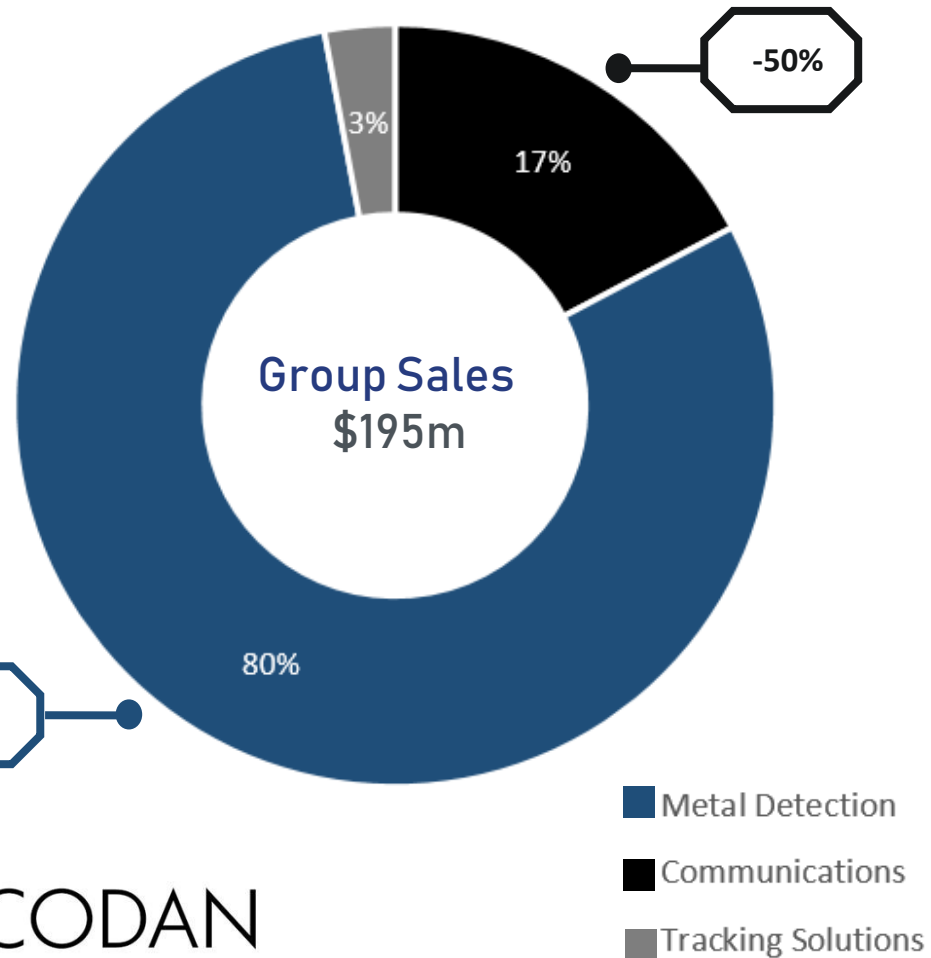
Interim Dividend (Cents)



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

FY21 HALF-YEAR GROUP SALES

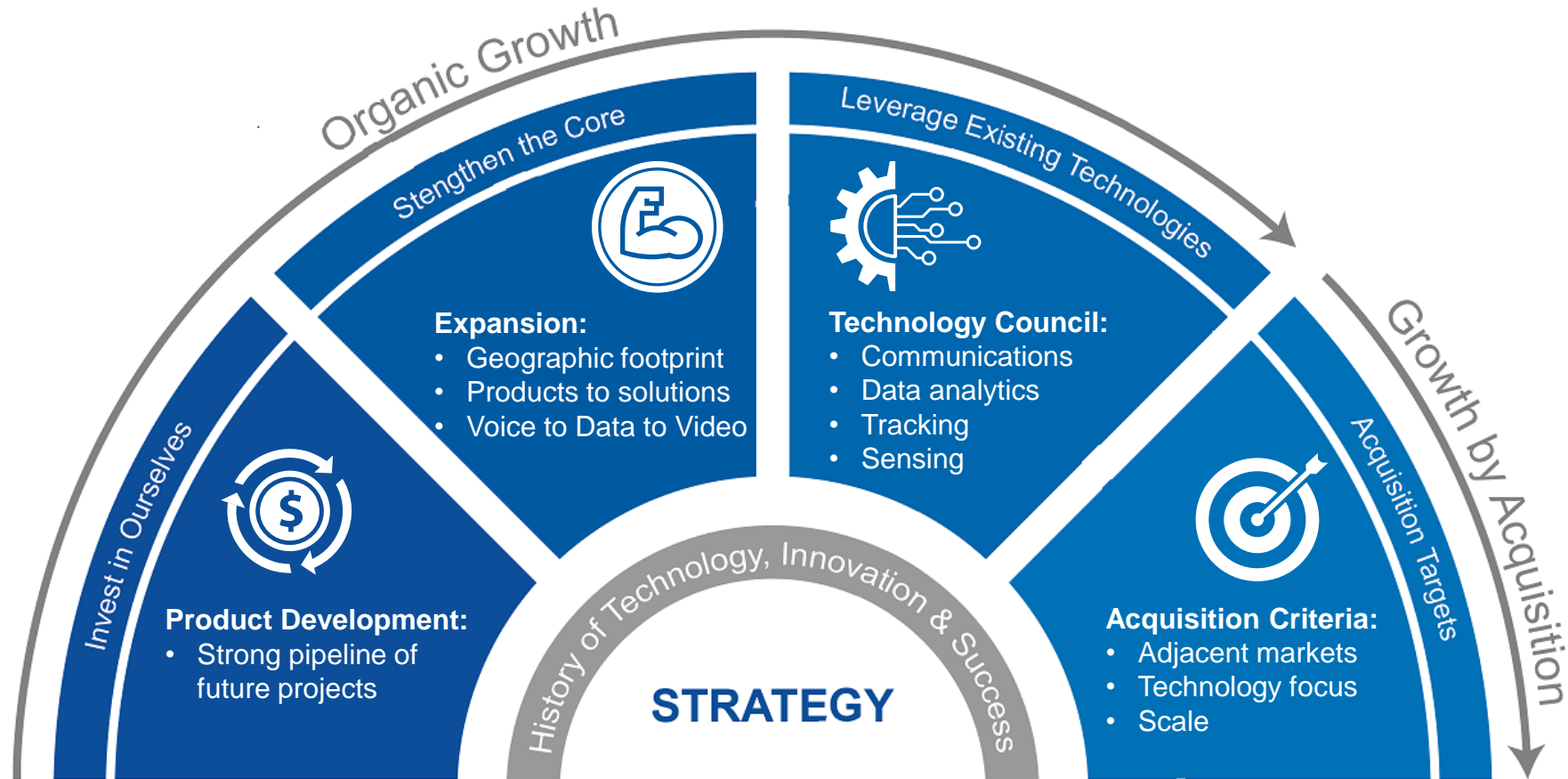
A strong year for Codan



- 14% increase in sales over FY20
- Metal Detection sales growth 55%:
 - Growth in both Recreational (66%) and Gold Mining (49%)
 - Expanding geographical spread
 - Increased distribution into mass market retail channels
 - Investment to increase manufacturing capacity
 - Minelab more diversified than ever before
- Communications sales reduced 50%:
 - As previously reported Tactical Communications business impacted by COVID-19
 - Backorders of \$40 million and strong sales pipeline
 - \$13 million African government order shipped in February

STRATEGIC GROWTH PLAN

Transforming lives through innovation, wherever you are



Core Values



Customer Driven



Can Do



High Performing

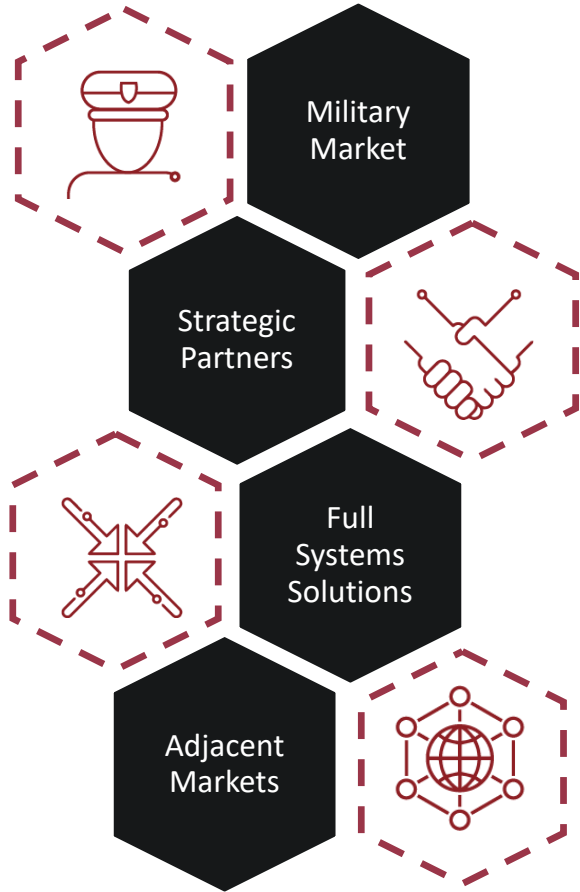


Openness & Integrity

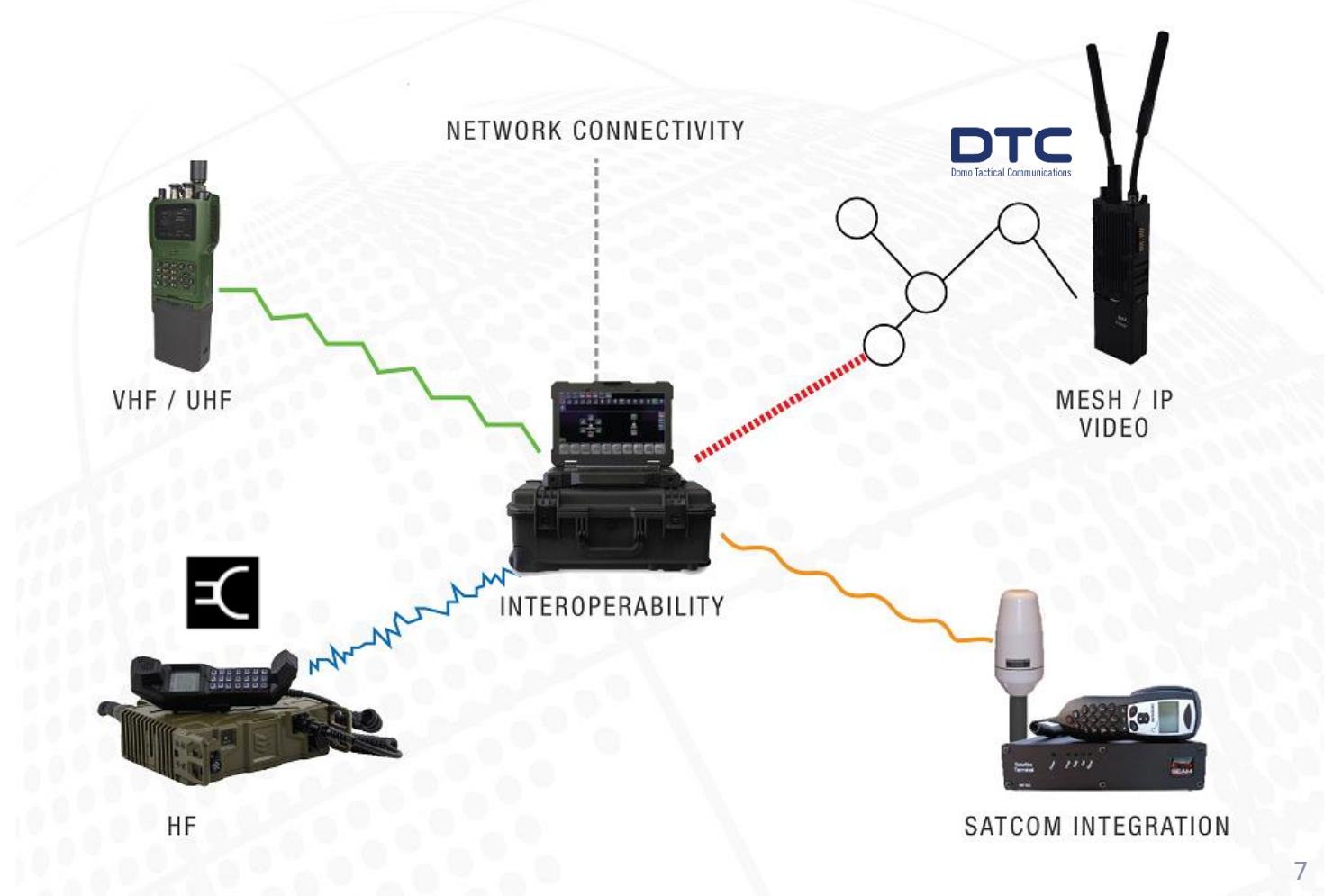
TACTICAL COMMUNICATIONS

Strategy for Growth

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Expanding our voice product offering to video and data driven solutions



DOMO TACTICAL COMMUNICATIONS (DTC) OVERVIEW

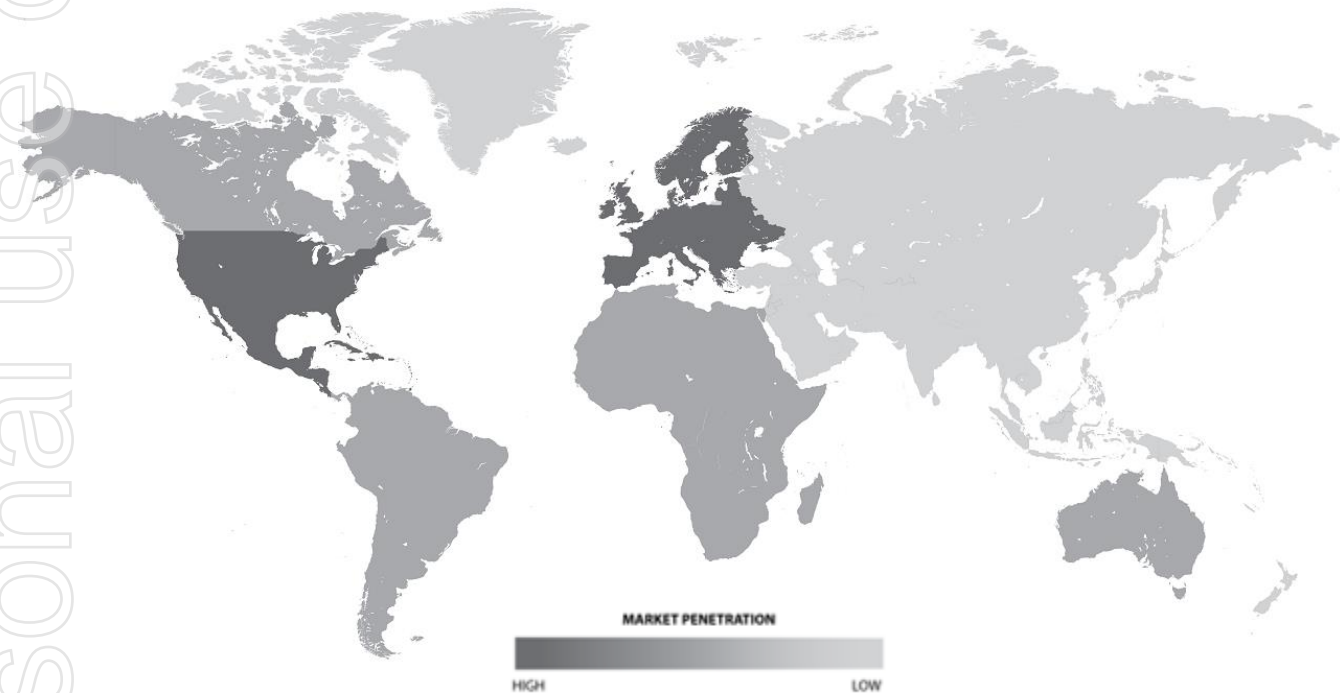
Premier Provider of Tactical Communications Technology Products and Solutions in support of Military, Intelligence and National Law Enforcement Markets Across the Globe



68+ countries of operations around the world

~US\$ 70m revenue

~45% gross margins



3 sites across the globe



USA (HQ)



UK



DENMARK



120+ federal agencies (customers)



140+ employees around the world



55+ dealers

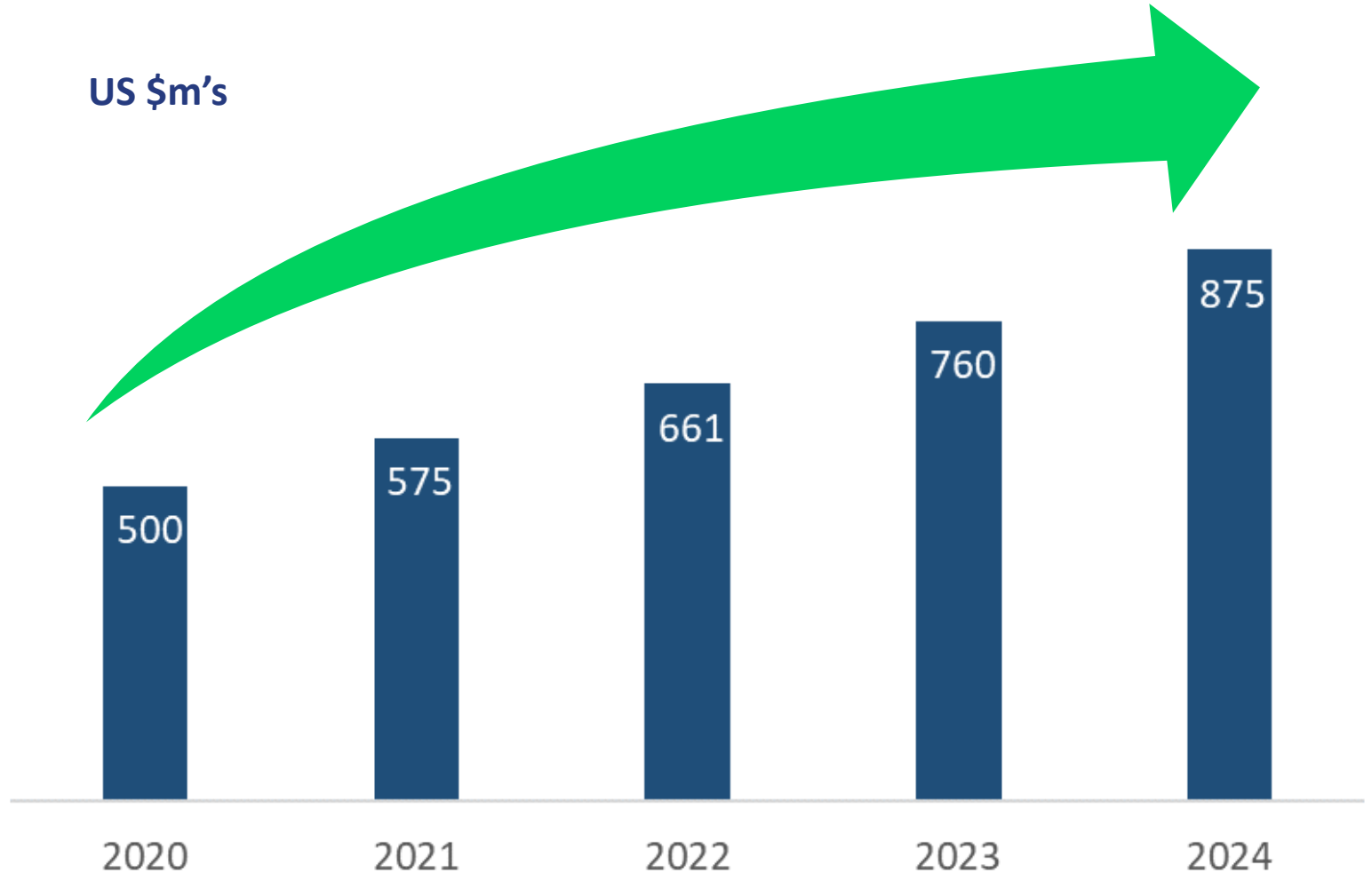
The DTC group consists of the following historic sub-brands



MIMO MESH ADDRESSABLE MARKET¹

Estimated to grow by 15% p.a.

US \$m's



“Under Codan’s ownership, targeting EBITDA of AUD \$14m in year 1”

DTC PRODUCTS, SOLUTIONS & MARKETS

Diverse Portfolio to Address various Markets



VIDEO

Audio & Low Latency Video
Transmission/Receive, Broadcast &
supporting Surveillance



- Law Enforcement
- TV Broadcast
- Live Sports



MIMO/MESH

Addresses challenges of increased
operations with limited available RF
spectrum



- Tactical Communications
(US Army, International
MoDs and DoDs)
- National Security
- Unmanned Systems



SURVEILLANCE

Audio and video capabilities to
support surveillance operations



- Law Enforcement
- National Security
- Intelligence



COMMAND AND CONTROL

C2 location & associated Meta-data
collection creating a cohesive
operational view for the user



- Law Enforcement
- Defence

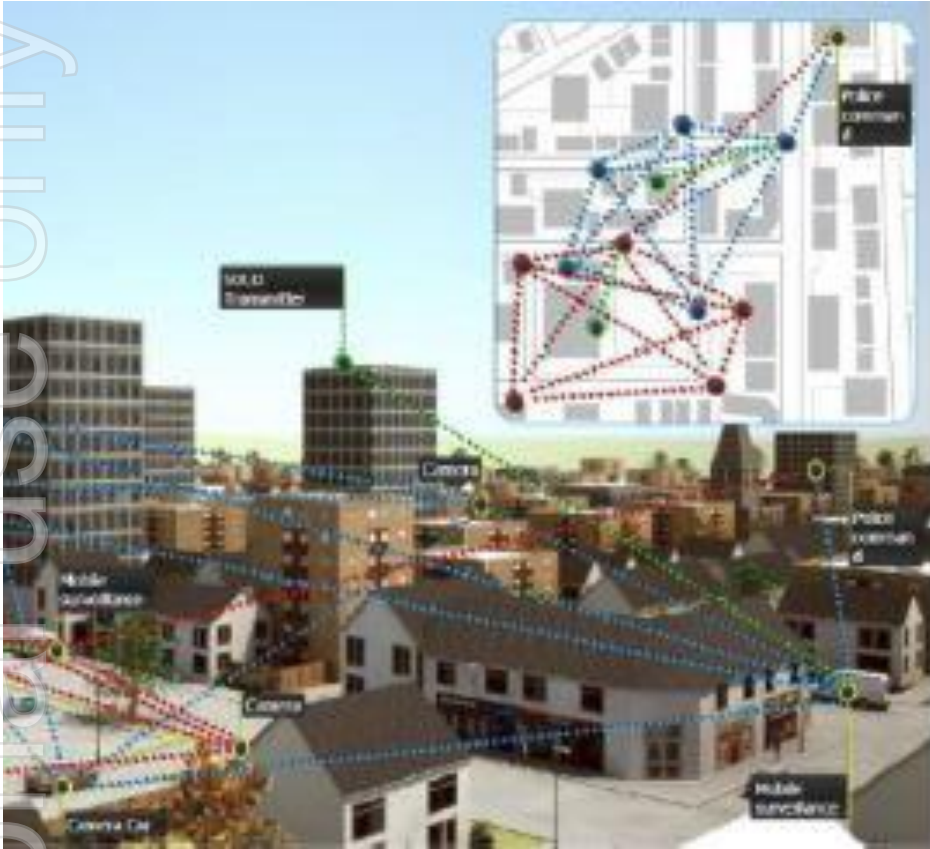
PRODUCT DEMONSTRATION



Video: <https://vimeo.com/513229831/9330204523>

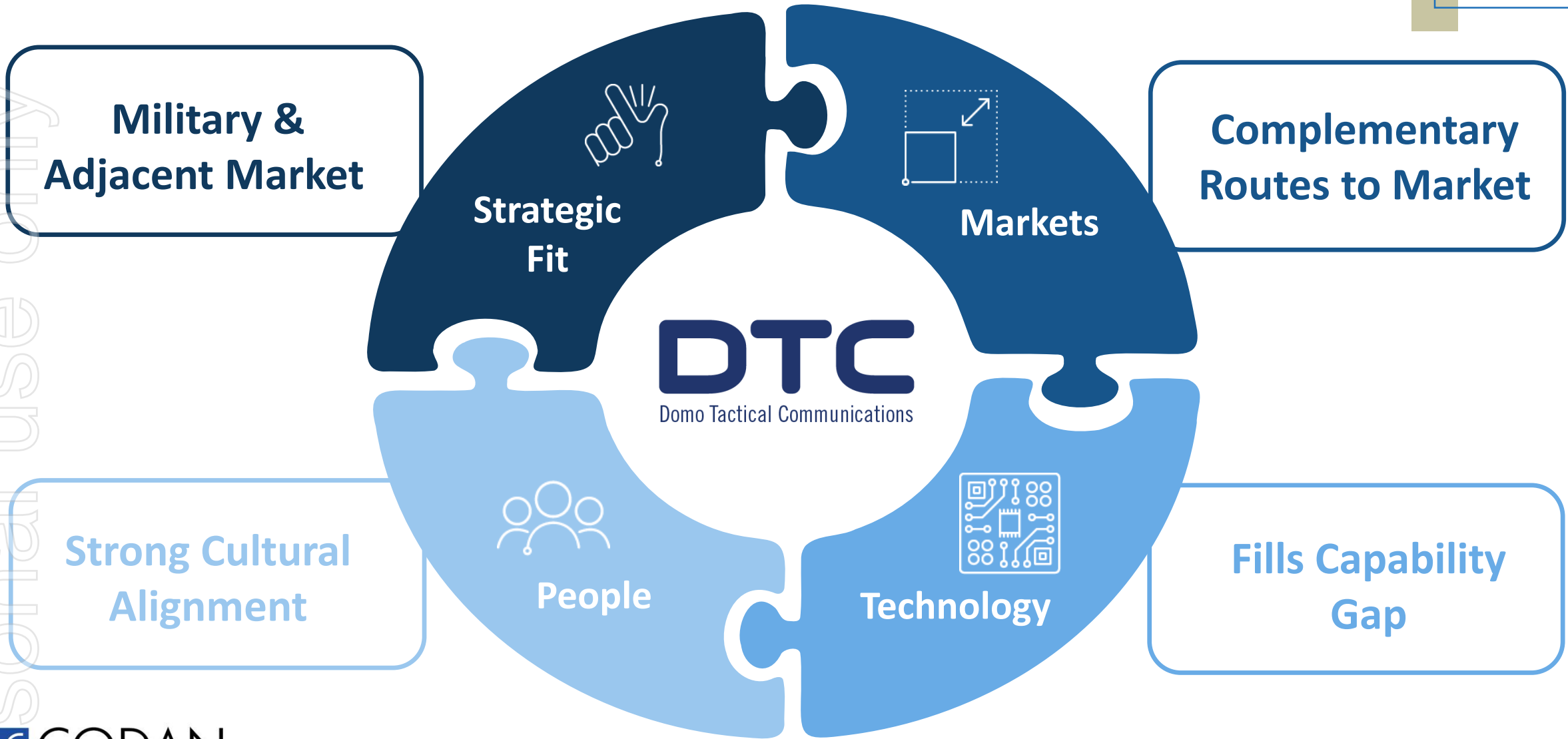
SAFE CITIES

Case Study: Large City Surveillance



- DTC's portfolio of products and solutions provide highly secure surveillance feed for law enforcement purposes:
 - High reliability communications for coverage denied surveillance areas
 - Independent networks perform outside of cellular infrastructure
 - Real time video is recorded and transmitted back to base for use in suspect capture and case files

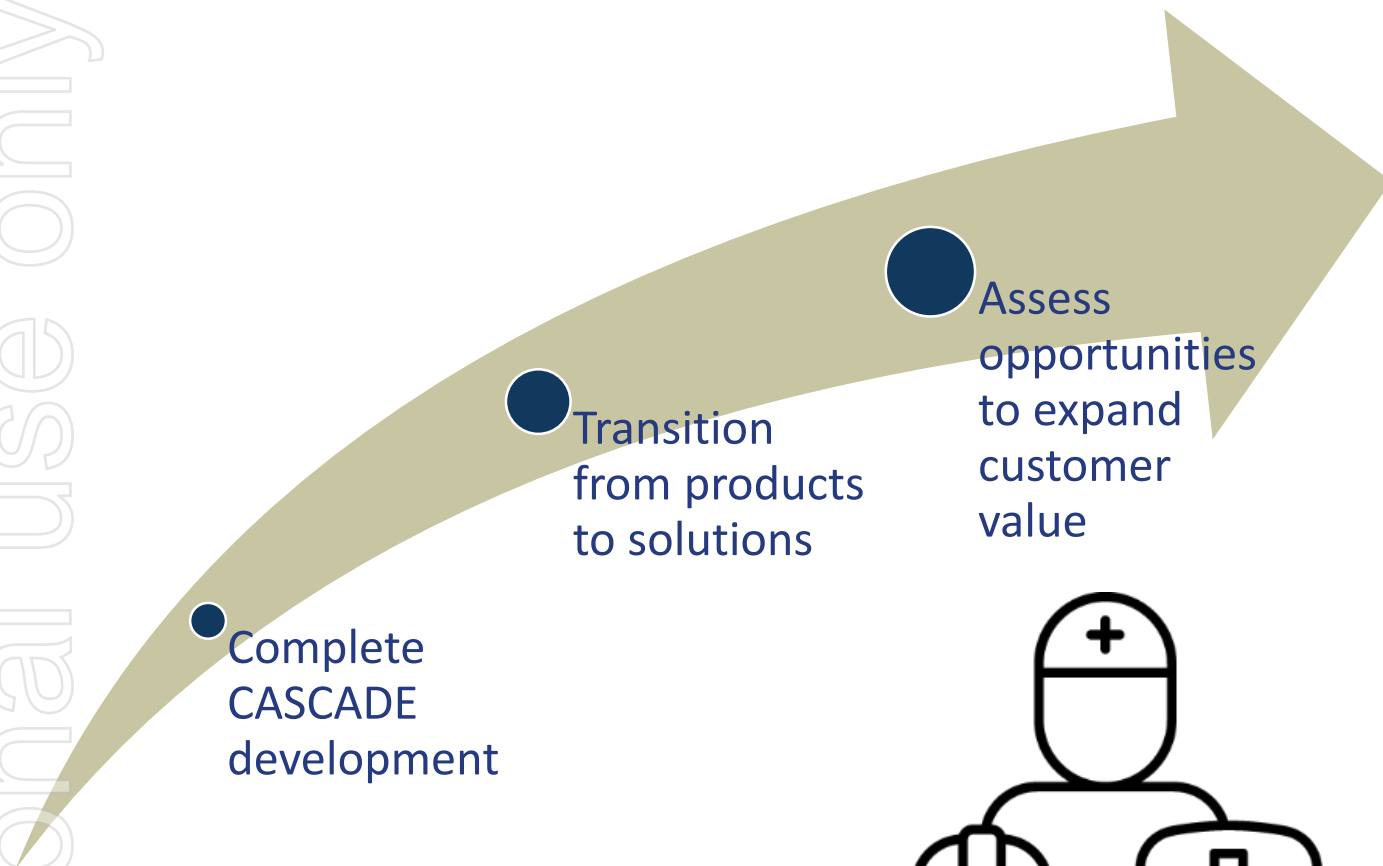
WHY IS CODAN THE RIGHT OWNER?



CRITICAL COMMUNICATIONS

Codan Powered Mission-Critical Communications

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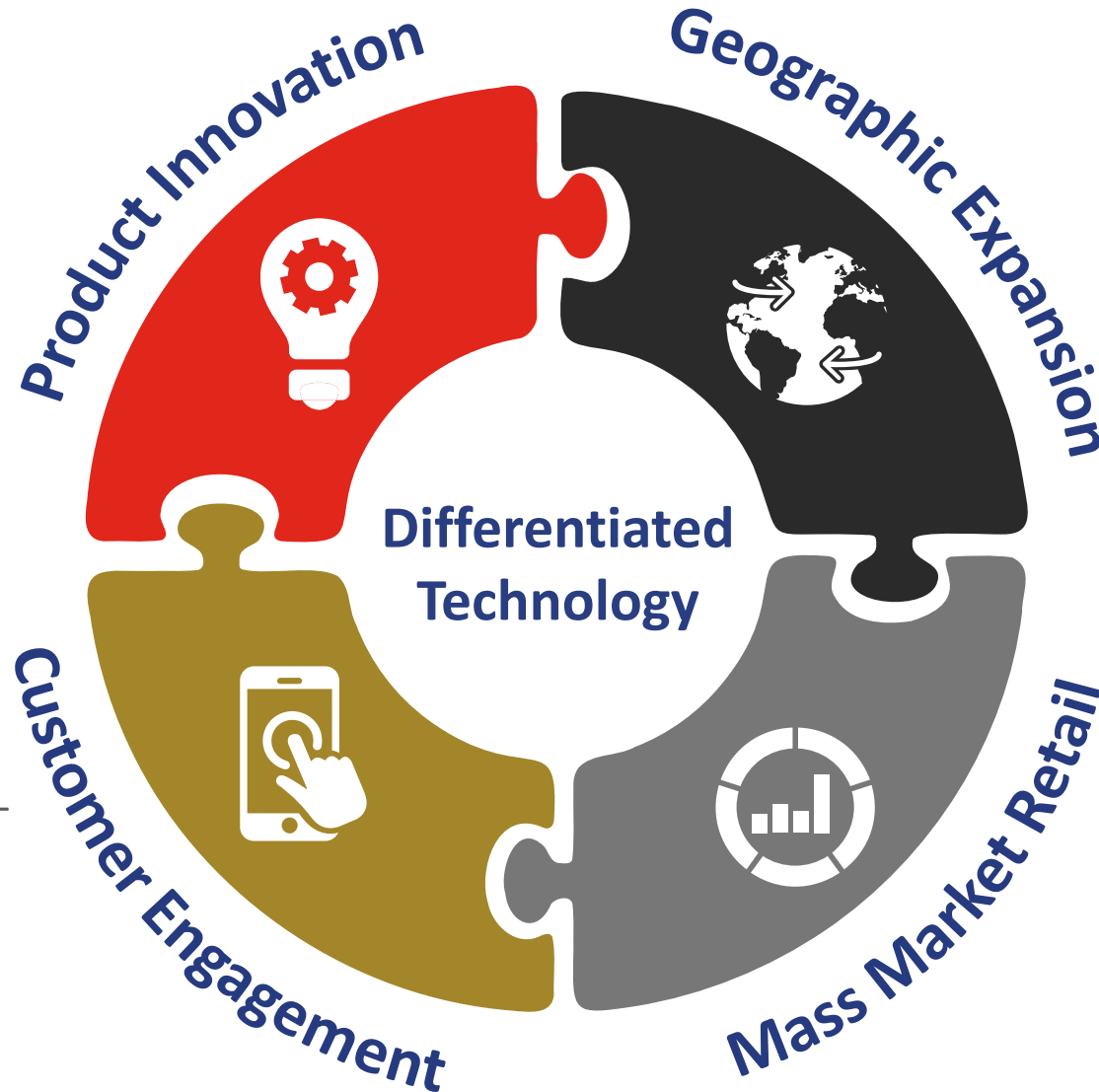
Driver's for growth

Product Innovation:

- 5 key products currently under development
- New Gold Detector GPX6000
- New Countermine detector

Customer Engagement:

- 24/7 customer support
- Increased brand awareness via social media
- Training, online videos, multi-lingual materials
- Expansion of 3rd party service centres



Geographic Expansion:

- Established in Brazil and Mexico
- Other significant and under developed markets being assessed

Mass Market Retail:

- Expansion of retail footprint across North America and Europe
- Targeting other markets

GPX 6000™



- High performance
- Easy to use
- Lightweight
- Collapsible
- Waterproof
- RRP USD \$5,999

POWERED BY

GEO
SENSE-PI™

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“The strategy for Minetec is to work closely with Caterpillar to leverage their global distribution capability.”

MINETEC™
STOP WORKING IN THE DARK



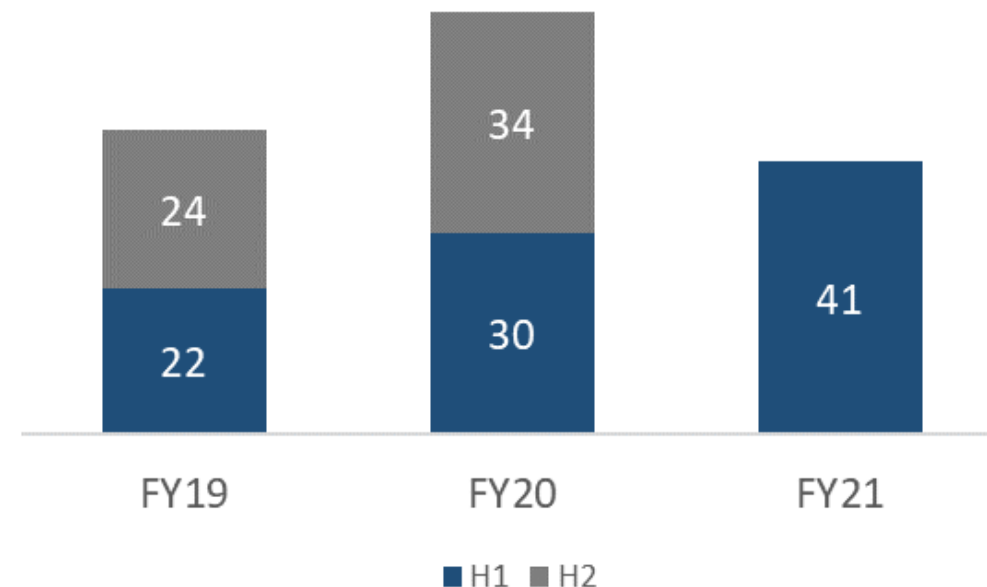
FINANCIAL RESULTS



RECORD FY21 PERFORMANCE

First Half Profit & Loss	FY21	FY20	Change
	\$m	\$m	%
Revenue			
<i>Metal Detection</i>	\$155.1	\$100.1	55%
<i>Communications</i>	\$33.6	\$67.0	-50%
<i>Tracking Solutions</i>	\$5.8	\$3.9	49%
Total Revenue	\$194.5	\$171.0	14%
EBITDA	\$69.3	\$54.0	28%
EBIT	\$60.7	\$43.7	39%
Net interest	(\$0.2)	(\$0.3)	
Net profit before tax	\$60.5	\$43.4	39%
Net profit after tax	\$41.3	\$30.4	36%

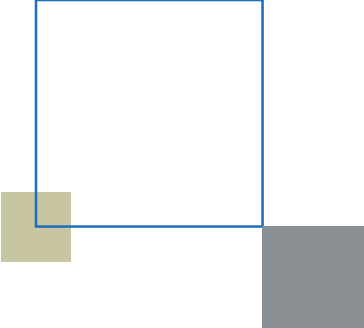
NPAT (\$m)



- Record sales and profits, despite strong AUD appreciation
- Strong demand for Metal Detectors across all markets
- Sales growth translated to NPAT, economies of scale
- Investment in manufacturing capacity and inventory to reduce freight costs

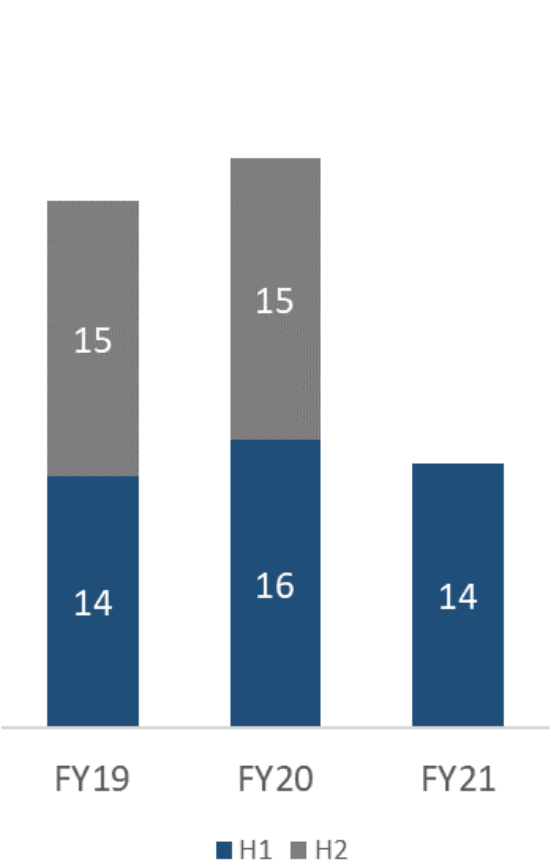
ENGINEERING INVESTMENT

Strong pipeline of projects

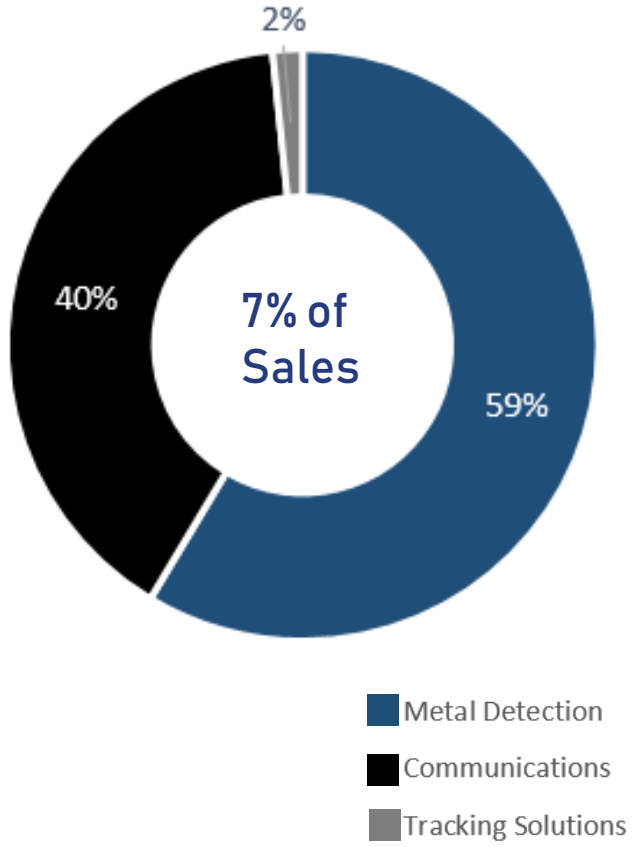


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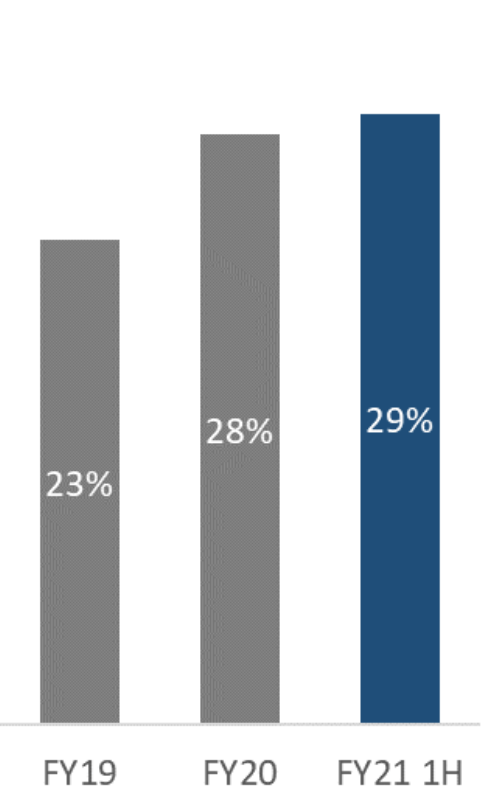
Engineering spend (\$m)



Engineering by Business Unit



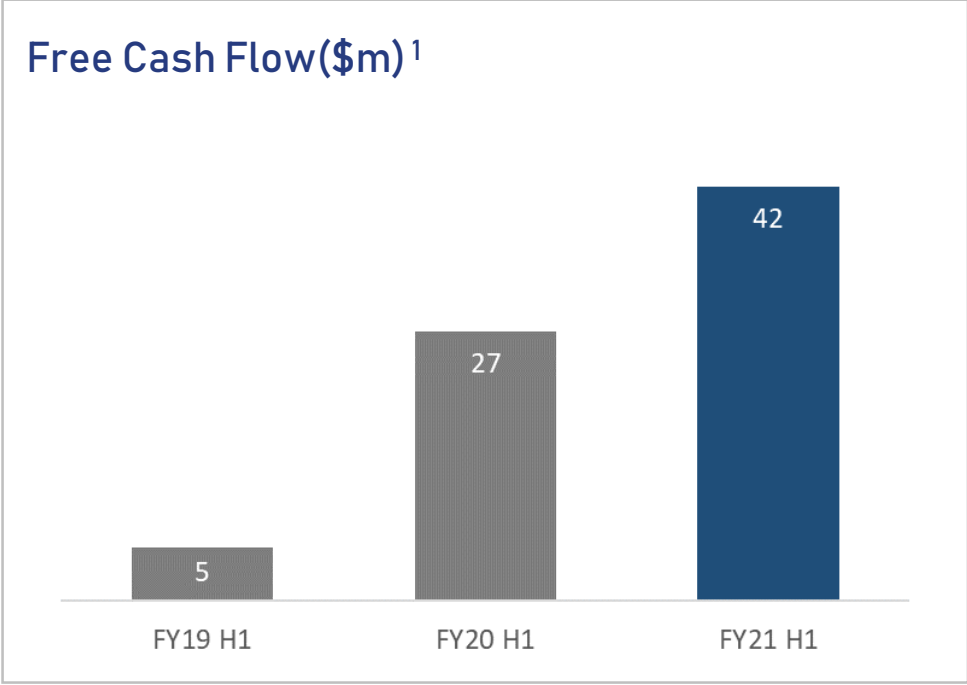
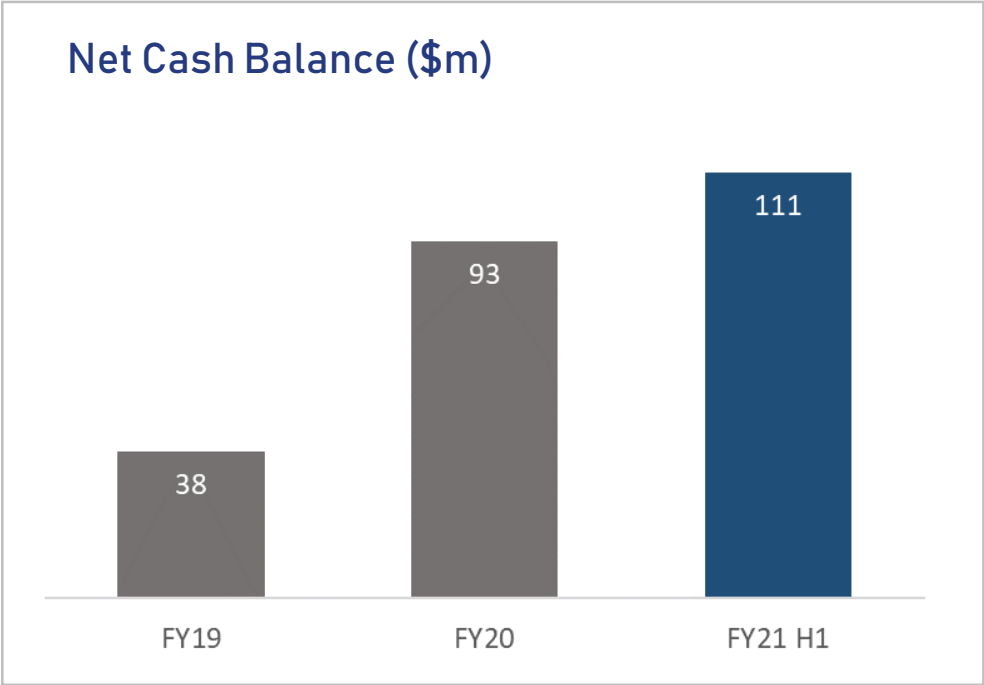
Return on Equity¹



¹Return on equity = rolling 12 month net profit after tax divided by average equity

CASH GENERATION

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- Excellent cash generation, driven by strong sales and collections from customers
- Expect further inventory investment in the second half of FY21

¹Free cash flow = operating cash flow + interest – cash outflow for all product development and capital expenditure, normalised for tax

FY21 OUTLOOK

Well positioned for FY21:

- Record first half and well positioned for a strong H2
- Demand for our metal detection products remains strong, with January achieving \$35 million in sales
- Launch of our new GPX6000™ gold detector in Q4
- Communications expected to have a better second half:
 - Strong backorders, in excess of \$40 million entering Q3
 - Large African contract \$13 million shipped in February 2021
- As recently announced, we expect to settle the DTC transaction by end of April 2021 and commence integrating this new technology business within Tactical Communications.

We will continue to keep shareholders updated as the year progresses

Appendix



CODAN





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

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GOLD PRODUCTS

Products to service all types of prospectors



GOLD DETECTOR RANGE

NEW RELEASE



ولدت الذهب 1000
GOLD MONSTER 1000

USD RRP ex tax/shipping

\$899

ENTRY



SDC 2300

\$3299



GPX Series

\$3999

MID RANGE



GPX 6000™

\$5999



GPZ 7000

\$7999

PROFESSIONAL

RECREATIONAL PRODUCTS

Expanding MULTI-IQ® technology across the range



RECREATIONAL DETECTOR RANGE



All Targets, All Soils, All the Time.



GO*FIND
V300

USD RRP ex tax/shipping

\$99 - \$249

HOBBYIST



VANQUISH

\$199 - \$499

ENTHUSIAST



EQUINOX
Series

\$649 - \$899

SPECIALIST



EXCALIBUR II

\$1499

EXPERT



E-TRAC

\$1549

CTX
3030

\$2499