

**ASX ANNOUNCEMENT
2018 ANNUAL GENERAL MEETING
31 OCTOBER 2018**

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Good morning ladies and gentlemen and welcome to our third AGM at Mawson Lakes. I would like to acknowledge one of our founders, Mr. Ian Wall, and his wife, Pam, who are both here today. I would also like to record an apology from John Uhrig, a former Chairman of Codan. John celebrated his 90th birthday earlier this month. John could not be here today due to a prior commitment.

You will have read in our annual report that the year to June 2018 was a successful one for Codan, achieving our third-highest NPAT on record. Importantly, the results were assisted by well-timed and important new product releases across the business, as opposed to market-driven events which occurred back in 2013. This reinforces the importance of our commitment to R&D and new product development.

Our objective of broadening and enhancing our product range so that our addressable markets are increased remains our number-one priority. Last year, we spent around 10% of revenue on R&D and new product development. Our balance sheet gives us the flexibility to maintain this level of engineering spend, and I can assure you that there is no shortage of compelling projects in the pipeline.

Donald will talk in more detail about the year that was, but perhaps more importantly, how we see this year unfolding. The continuing success of our flagship gold detector, the GPZ 7000[®] was certainly a highlight, as was Minetec achieving a profit for the first time. The market-expanding foundations laid in our HF business and in Codan Defence Electronics will return results in coming years and, although the technically challenging Cascade[™] development is behind schedule, we remain convinced that the move to a systems business in Land Mobile Radio is the right decision.

We believe that our messaging to the market, where we talk about a base (generally predictable) level of business does condition shareholders to the fact that Codan can achieve consistent results that will grow over time, but will also occasionally produce results that will surprise on the upside due to major project awards in Radio Communications and Counterintelligence, or accelerated demand in gold mining markets, particularly in Africa. We believe our approach of paying normal and special dividends reinforces this messaging.

You will be aware that Jim McDowell resigned from the Board at the end of August to take up the role of Head of Premier and Cabinet within the South Australian Government. Jim was an excellent Board member for Codan and we will miss his energy and experience. We wish him well in his new challenge. Any appointment we make to replace Jim must enhance the technical skills and industry expertise around the Board table.

Your Board remains focused on achieving sustainable profit growth. For now that means investing in our existing businesses whilst remaining vigilant in relation to acquisition opportunities.

Thank you for your interest and investment in Codan. We are off to a strong start this year, as Donald will now explain. I can also advise that Donald will be selling up to 100,000 shares between now and Christmas to meet some personal tax liabilities. Please welcome your Managing Director, Donald McGurk.

David Simmons
Chairman

CHIEF EXECUTIVE OFFICER'S ADDRESS TO SHAREHOLDERS

Good morning and welcome to our facility. I would like to expand and build on David's comments, update you on the progress made across the business and talk more about our plans for the future.

FY18 was another strong year for your company as we maintained near record levels of profitability and increased the base level performance of the business by 20%.

We significantly diversified our gold detector sales into Africa so that we are not as heavily reliant on the GPZ 7000® in that market, while releasing the revolutionary new Equinox® coin and treasure metal detector and the Sentry-H™ Military HF Radio. Minetec also achieved a number of critical milestones to commercialise its technology and delivered its first profit.

As David mentioned, we continue to invest heavily in product development. Our focus on new product innovation sits at the core of our strategy to diversify and grow our base-level business by broadening our offerings and entering new markets.

Although Codan operates across many different markets, we are clear about our core purpose and the value we bring to our customers, as we continue to develop leading-edge solutions that solve their safety, security and productivity problems.

Minelab had another excellent year. This business has world-leading handheld metal detection technologies for recreational, gold mining and demining markets. Our strategy is to continue to invest in new, innovative products and maintain our competitive advantage while expanding our international footprint and routes to market.

While all parts of the Minelab business performed well in FY18, the outperformance was again dominated by gold detector sales. While sales of our GPZ 7000® top-of-the-range gold detector remained strong, they were complemented by strong sales of the Gold Monster® and SDC 2300® detectors in Africa. As a result, we have significantly diversified our gold detector sales in Africa and reduced our reliance on any one product in that market.

We remain confident in the future success of our gold detector business in Africa. We have the world's best gold detecting technology, we continue to make a significant investment in new product development and innovation, and our key intellectual property remains well protected.

Minelab's established recreational markets outside Africa also performed well last year. In February, we released the revolutionary EQUINOX® coin and treasure detector. This is Minelab's newest detector technology, made unique by the fact that it operates across the full

spectrum of frequencies simultaneously to achieve superior results. The EQUINOX® is taking significant market share from competitors as customers discover how easy it is to become an expert detectorist overnight and discover even more treasure.

Minelab also delivered a significant order for the countermine F3 Compact™ detector to a country in Latin America. We won that tender on the reliability and performance of our countermine technology, which we have been further developing in partnership with the Australian government to create a new dual-sensing detector which incorporates ground-penetrating radar. This detector will be released in Q4.

Our metal detection business has started FY19 very strongly. Year-to-date results are ahead of last year, predominantly due to our success in opening new markets where we have seen high initial demand for our gold detectors. The African component of this business can be unpredictable and therefore it is too early to forecast whether FY19 will reach the record heights of FY18, but we are off to a very good start.

Turning to our tracking solutions business, we achieved a number of critical milestones during the past 12 months. In February, Minetec entered into a global licensing, technology development and marketing agreement with Caterpillar. Under the terms of this agreement, Caterpillar and Minetec have begun integrating Minetec's high-precision tracking technology into an expanded Caterpillar Minestar® solution for use in underground hard-rock mines. This solution will be taken to market under the Caterpillar brand through their global dealer network and should allow Minetec to grow its revenues more quickly than would have been possible on our own.

In May, Minetec secured a \$9.5 million contract to supply the Fleet Management system for BHP's Olympic Dam mine in South Australia, following a highly competitive global tender process. It is the largest contract won by Minetec under Codan's ownership and validates the leading position of our proximity-detection, tracking and task-management solutions.

Both of these strategically important relationships are progressing well.

It has taken time and continuing investment, but we are now beginning to gain traction in commercialising Minetec's proprietary technology. We expect Minetec sales to be around \$15 million in FY19 and believe the business could double in size over the next few years. While we expect this division to deliver a better profit result in FY19, it is not yet material to the Codan group.

The sales result in Radio Communications was down in FY18, due to the delay of some large HF projects which were due to be shipped before year-end and a slowdown in US-government spending which impacted our LMR sales. The division has, however, made a good start to the year and will deliver a stronger result in FY19. We expect sales for the first half of FY19 to exceed those of the prior first half and sales for the full year to fall within the base-business range of \$65 million to \$75 million.

Our strategy is to grow Radio Communications revenue by further penetrating the global HF military market and transitioning to a full communications solutions provider in LMR.

Our new Sentry H™ and Sentry V™ military products will be supplemented by a new military HF Manpack in the first quarter of FY 20. These core products will be combined with a range of associated product solutions including an interoperability platform, critical for operating in mixed and legacy networks.

For the past two years, the engineers in our Canadian office in Victoria, British Columbia have been developing our new Cascade™ Land Mobile Radio platform in order to broaden our offering and gain market share in the North American LMR market. While it has taken longer than first expected, the result will be a fully interoperable first-responder communications solution with excellent performance and reliability. It will enable us to grow our North American sales significantly in the future.

Two years ago, we established Codan Defence Electronics to leverage our core competency in radio and sensor design and to participate in the large upcoming defence projects as a supplier of high-level design and advanced manufacturing to the defence primes.

As you know, Codan has a long history of supplying the defence sector, with the company's HF radio systems and landmine detectors used by military organisations worldwide. This has assisted our marketing efforts as we build strong customer relationships and an extensive pipeline of future opportunities.

Defence contracts have long sales cycles and, as a result, we have not planned for significant sales in FY19; however, we expect to generate revenue from this business in FY20.

Given the strength of the balance sheet, we continue to assess acquisitions that leverage our core competencies, offer scale and deliver diversity of earnings for your company.

As a result of the strategic initiatives undertaken over the past three years, we have succeeded in growing Codan's base business. Revenue is now in the range of \$180 million to \$200 million and, at these levels, we would expect to deliver a base-business net profit after tax in the range of \$25 million to \$30 million. This is an increase of 20%.

We have made a good start to the year, with our first-quarter result exceeding our quarterly base-level sales and profit range. Based on the assumption that our sales of gold detectors are at base-business levels in the second quarter, we now expect to deliver a net profit after tax in the range of \$20 million to \$22 million for the first half of FY19.

Traditionally, we achieve stronger sales in the second half of the year due to the weather-driven seasonality of our sales of gold detectors into Africa. Given the large contract awards already delivered in Radio Communications and the impact of gold detectors sales into a new market, it is unlikely that our normal sales pattern will occur this year.

In summary, we remain focused on strengthening and growing the business, and we are determined to do what we say we will do. Codan has a strong balance sheet and a comprehensive strategy for future growth, based on leveraging our core products businesses, expanding into new markets and transitioning elements of our business to become complex solutions providers.

Finally, on behalf of the Board, I would like to acknowledge the significant efforts of our people and thank them for their contribution to the outstanding results achieved again last year.

Donald McGurk
Managing Director & CEO