

22 August 2024

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

Dear Sir/Madam

**FY24 Full-year investor presentation**

Please find attached a copy of Codan Limited's investor presentation dated 22 August 2024 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



# FY24 FULL YEAR Codan Limited

22<sup>nd</sup> August 2024

Innovation  
**wherever you are**

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- Tactical Communications | DTC
- Zetron
- Minelab

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# FY24 GROUP HIGHLIGHTS

Revenue

**\$550.5m**

+21% vs. FY23

EBIT

**\$113.9m**

+29% vs. FY23

NPAT

**\$81.3m**

+24% vs. FY23

EPS

**45.0 cents**

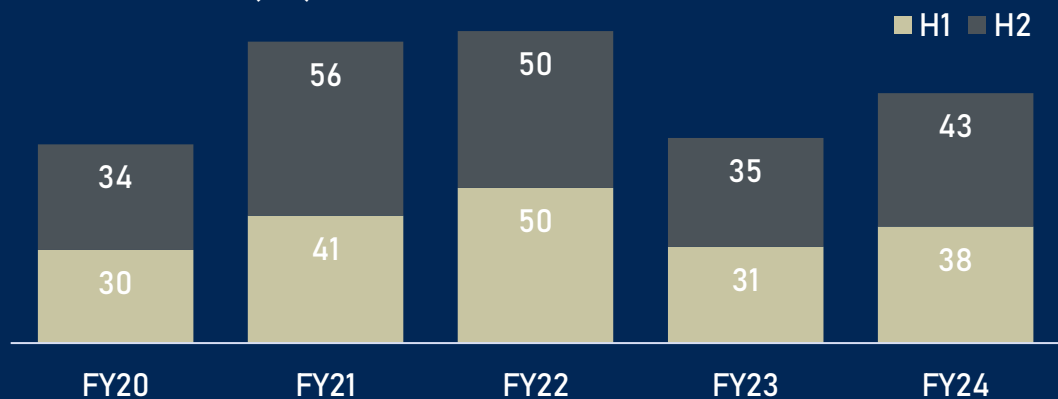
+24% vs. FY23

- Strong Group financial performance
- Group revenue of \$550.5 million, delivering underlying net profit after tax of \$81.3 million
- Strong organic growth, further supplemented by the businesses acquired throughout the year (Eagle and Wave Central)
- All profitability metrics increased vs FY23, with EBIT and NPAT up 29% and 24% respectively vs pcg
- The business delivered organic EBIT growth of \$22 million, up 24%.
- Investment directed towards strengthening people, processes and systems required to deliver future strategic growth initiatives
- Annual dividend of 22.5 cents, fully franked

# FY24 PERFORMANCE

| PROFIT & LOSS                                   | FY24    | FY23    | Change |
|-------------------------------------------------|---------|---------|--------|
|                                                 | \$m     | \$m     | %      |
| Revenue                                         |         |         |        |
| <i>Communications</i>                           | \$326.9 | \$274.5 | 19%    |
| <i>Metal Detection</i>                          | \$219.9 | \$176.1 | 25%    |
| <i>Other</i>                                    | \$3.7   | \$5.9   | (37%)  |
| Total Revenue                                   | \$550.5 | \$456.5 | 21%    |
| EBITDA                                          | \$147.0 | \$116.8 | 26%    |
| EBIT                                            | \$113.9 | \$88.0  | 29%    |
| Net interest                                    | (\$9.4) | (\$5.3) | 77%    |
| Net profit before tax                           | \$104.5 | \$82.6  | 27%    |
| Underlying net profit after tax                 | \$81.3  | \$65.5  | 24%    |
| Recognition of tax losses not previously booked | -       | \$2.2   | -      |
| Statutory net profit after tax                  | \$81.3  | \$67.7  | 20%    |

## UNDERLYING NPAT (\$M)



- Strong Communications performance sustained:
  - revenues of \$326.9 million (+19% vs pcg); and
  - expanding orderbook of \$197 million (+21% vs pcg)
- Metal detection revenue up 25% vs pcg, with all divisions growing
- Expenses elevated, primarily due to acquisitions, higher variable remuneration linked to improved financial performance and integration costs<sup>1</sup>
- H2 FY24 NPAT of \$43.2 (+13% vs H1 FY24 and +24% vs H2 FY23)

1. During the year, the group's integration and acquisition related expenses were approximately \$2 million.

# FINANCIAL POSITION

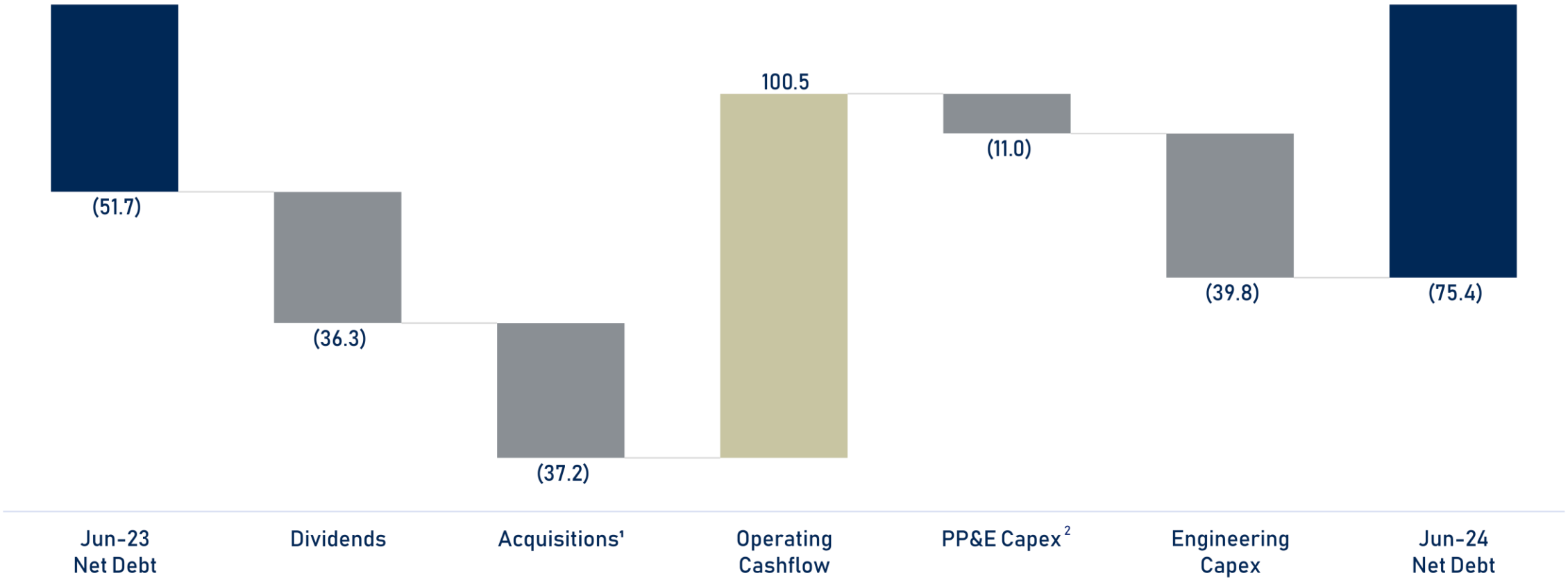
## Flexibility to support future growth opportunities

| Balance Sheet               | Jun-24  | Jun-23  | Change |
|-----------------------------|---------|---------|--------|
|                             | \$m     | \$m     | \$m    |
| Receivables                 | 93.9    | 71.0    | 22.9   |
| Inventories                 | 110.1   | 121.4   | (11.3) |
| Payables                    | (126.8) | (110.8) | (16.0) |
| Total working capital       | 77.2    | 81.6    | (4.4)  |
| Property, plant & equipment | 40.2    | 37.7    | 2.5    |
| Product development         | 129.4   | 108.2   | 21.3   |
| Intangible assets           | 339.0   | 312.5   | 26.4   |
| Other assets                | 36.5    | 18.8    | 17.7   |
| Other liabilities           | (100.2) | (100.8) | 0.6    |
| Net assets before debt      | 522.1   | 458.0   | 64.1   |
| Net cash (debt)             | (75.4)  | (51.7)  | (23.7) |
| Net assets                  | 446.7   | 406.3   | 40.4   |

- Net debt increased \$23.7 million to \$75.4 million at 30-Jun-24 after:
  - cash consideration for acquisitions (~\$37.2 million);
  - investing into product development (~\$40.0 million); and
  - payment of dividends (~\$36.3 million)
- Existing bank facility increased to \$170 million (from \$140 million), with additional capacity available of \$150 million subject to bank approval – supports future inorganic growth opportunities
- Successfully reduced inventory by \$11.3 million following planned sell-down of Africa gold detectors

# CHANGE IN NET DEBT POSITION

CHANGES IN NET DEBT (JUN-24 VS JUN-23, \$M)

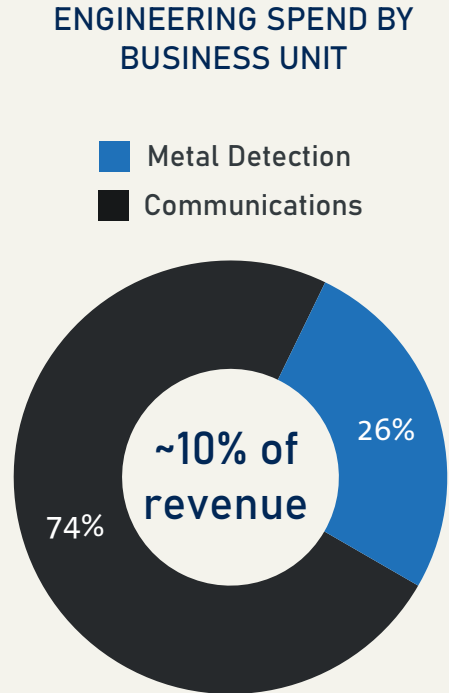
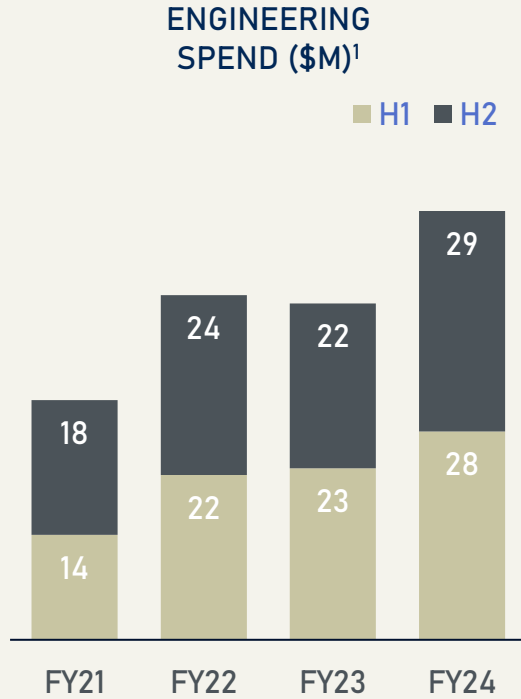


1. Cash consideration for acquisitions  
2. Property, Plant and Equipment capital expenditure



# ENGINEERING INVESTMENT

Invest in ourselves – strong pipeline of projects



- Sustained engineering investment across segments ensures competitive position maintained
- Global team of highly skilled engineers and research scientists to drive product and customer roadmaps
- FY24 engineering spend of \$57.4 million, equating to ~10% of Group revenues
- Recent acquisitions have added \$6.7 million in engineering investment.
- 74% of total engineering investment now directed towards Communications, consistent with future growth strategy
- Supportive of short, medium and long-term revenue opportunity

# Business Units





- FY24 Communications revenue increased by 19% vs pcp, to \$326.9 million
- Communications organic revenue growth of 16%, exceeded the target 10-15%<sup>1</sup>
- Growth primarily attributed to Zetron's strong performance, bolstered by the acquisition of two high-quality businesses (Zetron UK and Wave Central<sup>2</sup>)
- Communications segment profit grew 19% to \$80.5 million, reflecting a 25% segment profit margin
- Continued investment in strengthening business development and engineering teams to deliver on strategic growth initiatives, targeting 30% segment profit margins over the next 2-3 years
- Communications aggregate orderbook grew to \$197 million at 30-Jun-24 (+21% vs 30-Jun-23), driven by both the newly acquired and existing business opportunities

1. After normalising for the large Communications project delivered in FY23 (approximately \$20 million).
2. Collectively, the acquisitions contributed revenues of \$31.2 million.



# TACTICAL COMMUNICATIONS



- Tactical Communications delivered a solid FY24 result with strong growth in unmanned systems and broadcast markets, offsetting softness in HF due to geopolitical factors in Africa
- Continued benefit from leading MESH radio technology, demonstrating exceptional performance in harsh and contested environments (compact, lightweight and efficient solutions)
- Some notable wins include:
  - \$8.5 million European-funded unmanned military program;
  - \$7.1 million South Korean military MESH communications contract; and
  - several contract awards in broadcast for live event news coverage, college and professional sports
- Wave Central acquisition (Dec-23) integrated well, delivered results in line with expectations



- Zetron outperformed expectations in FY24, continuing to deliver revenue growth from its expanded footprint
- Growth driven by customers seeking to benefit from complete command and control solution offering across all key markets – public safety, utilities and transport
- Some notable wins include:
  - \$10.0 million contract with one of the largest utilities providers in the Midwest region of the US;
  - \$3.5 million upgrade with Kitsap County; and
  - \$2.0 million Queensland Rail project upgrade
- Successful integration of Zetron UK acquisition (Aug-23) –exceeding year one expectations, shifting focus to FY25 growth plans





- FY24 Minelab revenues increased 25% vs pcp, to \$219.9 million
- As a result of enhanced operating leverage, Minelab's segment profit margin also increased to 35% (FY23: 32%)
- Rest of world (RoW') benefited from release of new products, alongside an expansion of retail channel points of distribution across North America and Europe
- Focused on sales growth via expansion of storefronts with leading retailers, along with enhancing market position using platforms such as Amazon and Minelab eCommerce channels – expected to support further growth into FY25 and beyond
- Improved Minelab Africa result, with FY24 revenues of approximately \$70 million, increasing half on half and vs FY23
- Countermine continues to generate strong performance, supporting humanitarian demining efforts in Ukraine

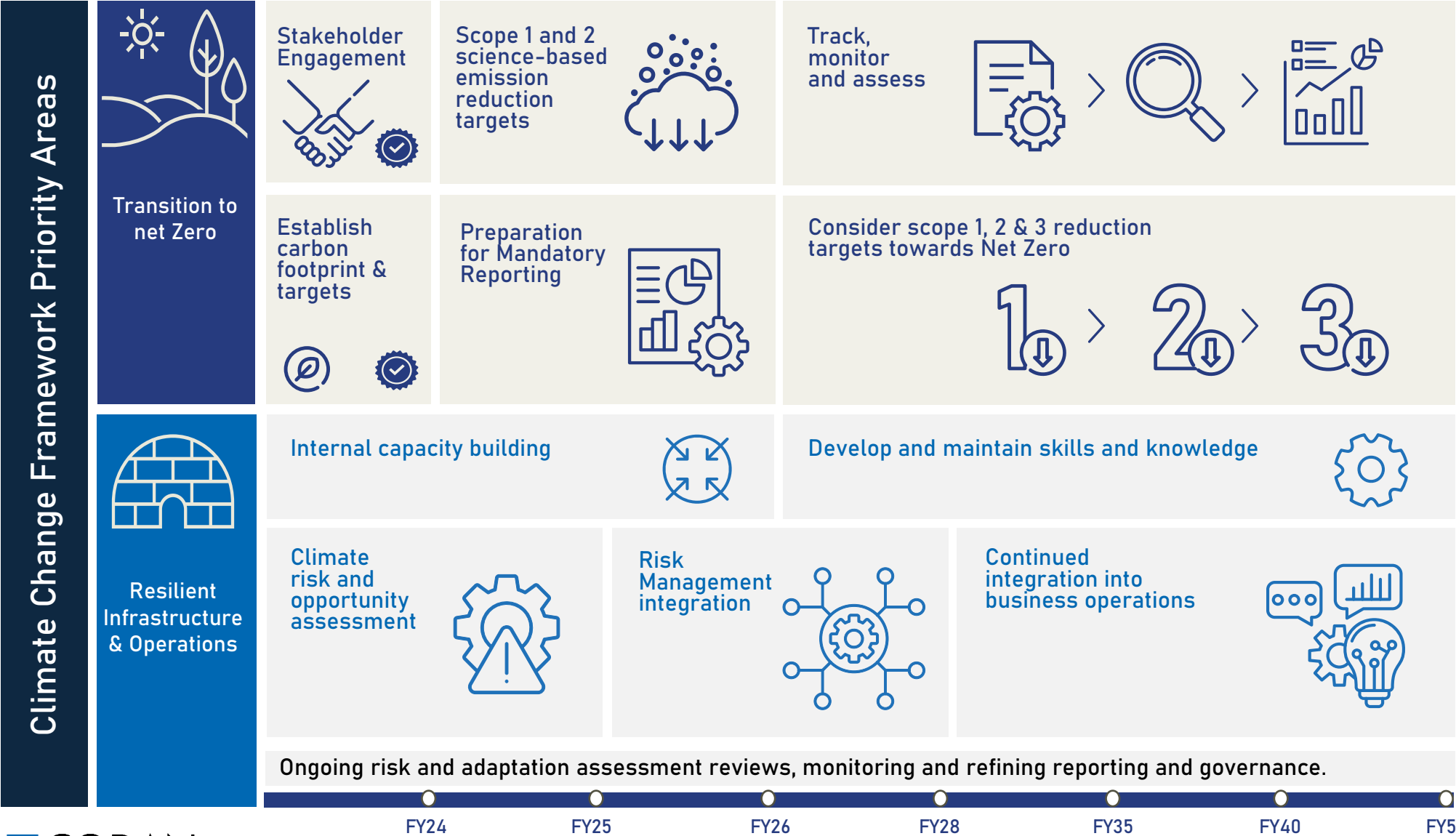
1. ROW metal detector revenue includes countries other than Africa and Countermine

# Environment, Social & Governance





# CLIMATE CHANGE FRAMEWORK



# SOCIAL INITIATIVES

Codan Founders  
Scholarship with the  
University of Adelaide



University of South Australia  
STEM Girls Academy  
Creative Challenge



Codan Playford  
Trust Scholarship



Undergraduate STEM  
Scholarship for Women at the  
University of South Australia



36 years of gold  
sponsorship of  
the Variety Bash



Zetron "Shoot for the  
Stars" golf tournament



Codan  
Golf  
Day



Tree  
Planting  
Day



Support of  
Catherine House



Major sponsor of  
Youth Opportunities



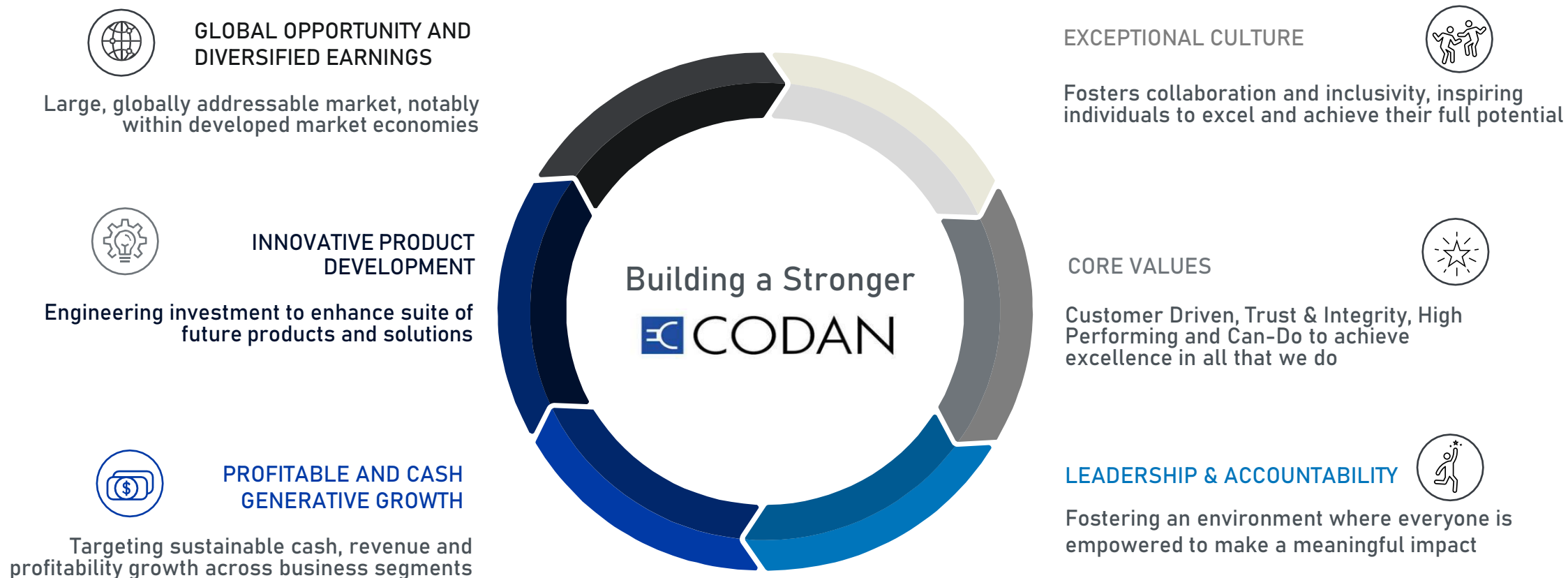


# Strategy Update



# BUILDING A STRONGER CODAN

Our success “building a stronger Codan” is underpinned by both financial and operational objectives



# CORE VALUES



## CUSTOMER DRIVEN

Foster a positive experience for all our customers, both internal and external.

Partner with our customers wherever they are.

Exceed customer expectations today and into the future by delivering innovative and exceptional solutions.



## TRUST & INTEGRITY

Act honestly with transparency and embrace diversity.

Treat people with respect and value their views.

Build trust and reputation through our actions.



## HIGH PERFORMING

Commit to defining and achieving ambitious goals.

Drive continuous improvement and embrace change.

Encourage people to feel empowered, motivated and engaged to achieve their best work.



## CAN-DO

Positive determination to take the right action to achieve success.

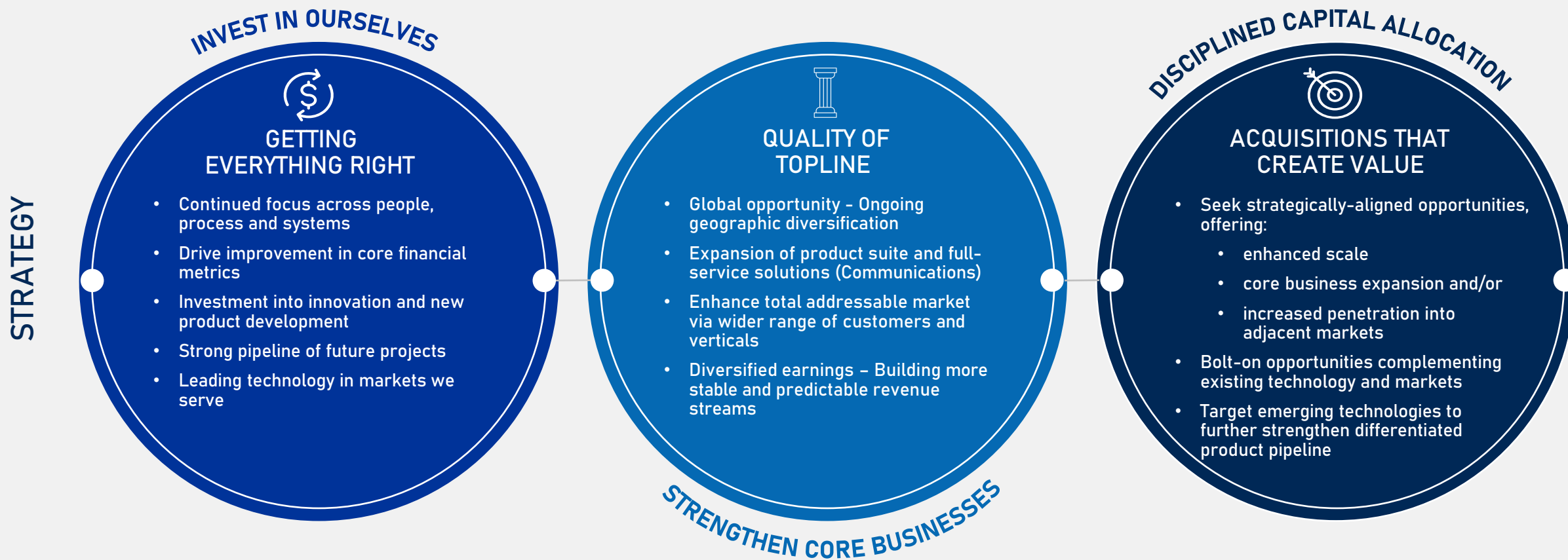
Demonstrate the courage to commit and follow through, no matter the situation.

Meet our challenges with resilience, confidence and flexibility.



# STRATEGY OVERVIEW

Codan's renewed growth strategy focuses on three core pillars that drive long-term value



# TACTICAL COMMUNICATIONS

Enhance offering as full solutions provider

## FY24 ACHIEVEMENTS

- Experienced strong growth in unmanned systems market
- Several key appointments to strengthen divisional leadership and regional focus
- Successfully delivered first MANET soldier system to Korean Army (through Huneed Technologies)
- Enhanced military radio market presence with delivery of an integrated soldier solution
- Acquired Wave Central, successfully leveraging strong reputation and market-leading system integration capabilities to drive growth within North America

## NEAR-TERM OBJECTIVES

- Commercialise multi-waveform radio solution (Trellisware partnership)
- Complete field trials of Sentry 6161 MESH radio with key partners
- Continued investment in next generation waveforms and product offerings
- Leveraging key partnerships with a US Government laboratory to develop cutting-edge multi-waveform solutions
- Pursue inorganic opportunities to enhance predictability of revenues, expand technology gaps and suite of solutions



## Expand systems support contracts and predictability of recurring services revenue

### FY24 ACHIEVEMENTS

- Significant year-on-year orderbook growth:
  - Several large system wins
  - Major service renewals
  - Continued North America channel growth
- Acquired Zetron UK (Eagle), a leading software supplier of mission critical control room communications to the UK and European emergency services, public safety markets

### NEAR-TERM OBJECTIVES

- Continue to capture and grow public safety market share
- Launch next-generation Command, Control & LMR platforms
- Pursue inorganic opportunities to expand command-and-control portfolio, capability gaps and geographic expansion





# MINELAB

Promote new products & expand channels to market



## FY24 ACHIEVEMENTS

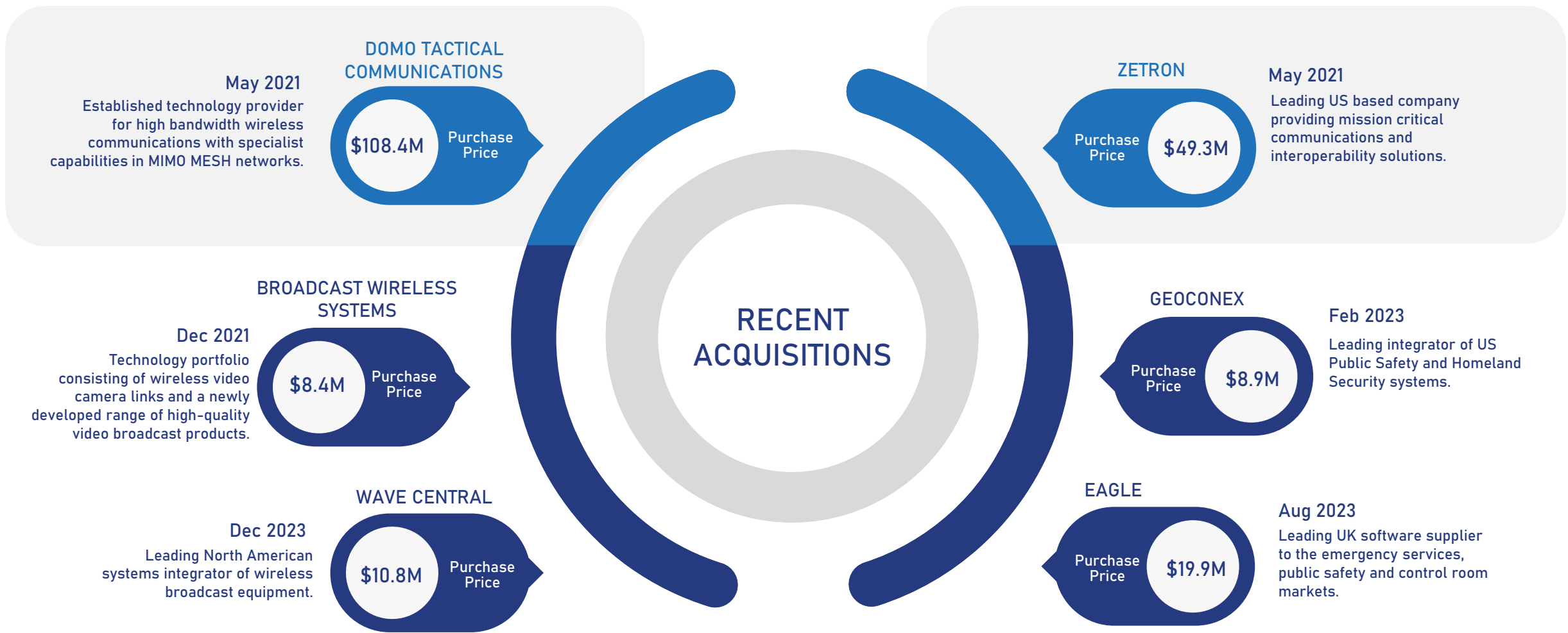
- Successful launch of several new products (X-TERRA® ELITE and X-TERRA® VOYAGER)
- Direct-to-consumer sales channel development, including launch of [www.usa.minelab.com](http://www.usa.minelab.com)
- African gold detector sales into countries other than Sudan returned to pre-covid levels
- Significant progress around consumer-facing initiatives to foster end user experience and engagement

## NEAR-TERM OBJECTIVES

- Invest into pioneering next generation of detectors across recreational, gold and Countermine
- Grow recreational market share via expansion of retail distribution footprint in US & Europe, leveraging eCommerce channel
- Enhancing high-powered marketing, branding and consumer experience capability, while reinforcing brand presence and reputational strength overtime

# RECENT ACQUISITIONS

Ability to quickly integrate bolt-on acquisitions is a key competitive advantage



# Outlook & Summary





# GROUP OUTLOOK



When considering the outlook for FY25:

- Communications continues to target 10 to 15% organic revenue growth, with approximately \$120 million of FY25 revenues secured in orderbook and strong pipeline;
  - Minelab continues to target rest of world revenues to grow at high-single digits; and
  - Codan is seeking acquisition opportunities which enhance the quality of the group's revenues
- Codan will continue to deliver on its strategic growth plan, with investment into developing next generation products and solutions, expanding into new geographic markets, strengthening global distribution channels and enhancing operational leverage
  - These efforts aim to position Codan strongly for sustained growth in FY25 and beyond, ensuring Codan is well positioned to capitalise on emerging opportunities

The Board will provide a further business update at the Annual General Meeting on 23 October 2024



# Appendix



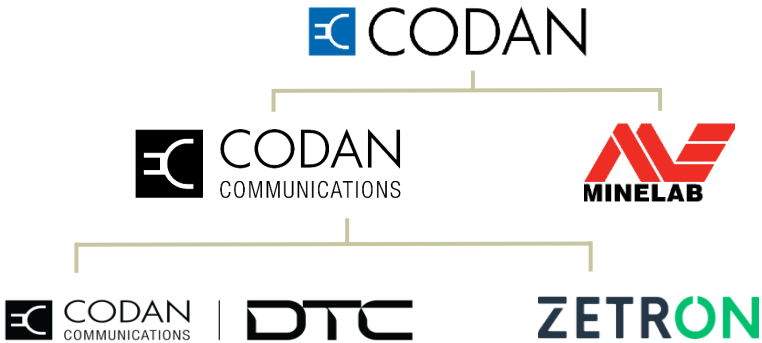
# GLOBALLY DIVERSIFIED TECHNOLOGY COMPANY

Codan develops and manufactures innovative lifesaving, mission critical communications and detection technology for individuals, communities and governments.

 **150+** Countries where Codan products & solutions sold

 **900+** Global employees, >30% engineering

Codan's core brands:

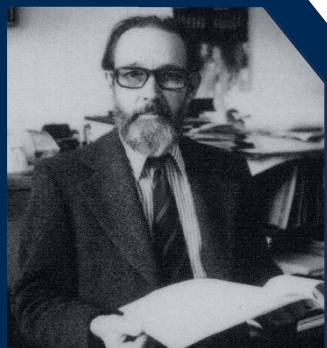


**15** Sites globally, across 10 key countries:



# THE JOURNEY

## Key milestones in Codan's history



### FOUNDED 1959

Friends from University of Adelaide Alastair Wood, Ian Wall and Jim Bettison commence the business that has developed into Codan.

Pictured: Mr Ian Wall



### ASX LISTED 2003

Codan Limited lists on the Australian Stock Exchange (ASX).



### MINELAB ACQUISITION 2008

Codan acquires Minelab, developer of world leading metal detection technology.



### DOMINANCE OF METAL DETECTION

Minelab takes metal detection to Africa and achieves significant success.

Overcomes challenges of counterfeit product.

Minelab product & market diversification begins to reduce reliance on one product into Africa.



### COVID ERA 2021

Unprecedented demand for metal detectors in Africa.

Supply chain disruptions.

Significant investment in Communication division to achieve further diversification.



### A STRONGER CODAN 2021 > TODAY

A strong diversified business with growth and innovative product development.

Diversified earnings.  
FY24:

Communications 60%  
Minelab 40%

High quality customers in large, global addressable markets.



# LEADERSHIP TEAM



**Alf Ianniello**

Managing Director  
and CEO



**Michael Barton**

Chief Financial Officer  
and Company Secretary



**Marjolijn Woods**

Chief Human  
Resources Officer



**Ben Harvey**

Executive General  
Manager, Minelab



**Paul Sangster**

Executive General Manager,  
Tactical Communications



**Scott French**

Executive General  
Manager, Zetron



**Daniel Hutchinson**

Executive General Manager, Strategy,  
Corporate Development and M&A

# TACTICAL COMMUNICATIONS

Communications solutions that enable customers to be connected

PRIMARY MARKETS

MILITARY



LAW ENFORCEMENT  
& INTELLIGENCE



UNMANNED



BROADCAST



COMMERCIAL/NGO



## FAVOURABLE MARKET FUNDAMENTALS:

- Increasing global military and defence spend in the Five Eyes Intelligence community<sup>1</sup>
- Smart and safe city initiatives, growing adoption of Internet of Things (IoT) applications
- Growth in use of unmanned systems across diverse industries
- Transition to remote broadcast applications

## TACTICAL'S COMPETITIVE ADVANTAGE:

- Advanced waveforms
  - ability to transmit voice/data/video utilizing high quality infrastructure-less equipment
  - Optimized latency strength - use of token-passing waveform results in enhanced reliability
- Size, weight and power (SWAP) - ability to penetrate adjacent markets
- Customer intimacy - strengthened sales team
- Leading wired/wireless integration and interoperability

# ZETRON

True end-to-end mission critical solutions provider

PRIMARY  
MARKET

PUBLIC SAFETY



TRANSPORTATION



UTILITIES



**ZETRON**  
a Codan company

## FAVOURABLE MARKET FUNDAMENTALS:

- Government funding environment ~US\$10-15 billion Next Generation 911 funding, upgrading emergency response communications
- Long term contracts – recurring revenue stream
- Technology convergence of broadband, IoT, land mobile radio and AI driving investment and upgrades
- Heightened security risks and natural disasters
- Electric grid modernisation and increasing usage of public transport

## ZETRON'S COMPETITIVE ADVANTAGE:

- Long term customer installed base
- End-to-end solution – integrated systems that streamline entire mission critical communication
- Command & control capability – powering complex control room environments
- Leading wired/wireless integration and interoperability
- Exceptionally low power consumption solutions



# MINELAB

Delivering market-leading, innovative detectors



PRIMARY MARKETS

## RECREATION / PROFESSIONAL

Coin & Treasure, Gold Detectors



## GOLD PROSPECTING / MINING

Handheld Gold Detectors



## COUNTERMINE

Landmine Detectors



### FAVOURABLE MARKET FUNDAMENTALS:

- Emerging awareness of recreational metal detection
- Shift in consumer preference towards direct-to-consumer and eCommerce channels
- Continued geographic expansion – new and emerging markets (e.g., India)

### MINELAB'S COMPETITIVE ADVANTAGE:

- Technological leadership
  - Enhanced discrimination
  - More depth
  - Ease of use
- Creating demand and new markets
- Product range across all price points
- Scale – Minelab is the largest hand-held metal detection company in the world