

Africa gold detector sales drive Codan

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ALL SYSTEMS GO: Donald McGurk, the managing director and CEO of Codan, with one of the company's Manpack highfrequency radios. Picture: STEPHEN LAFFER

COMMUNICATIONS company Codan has posted a fall in its full-year underlying net profit after tax, but has signalled confidence in its future with a special dividend payout to shareholders.

Underlying profit after tax was down 11 per cent to \$39.8 million, while statutory net profit was down \$2 million to \$41.5 million in what the company described was another strong year.

In recognition of its "continuing outperformance", the-Mawson Lakes-based company declared a special 4c dividend on top of its final dividend of 4.5c, both of which will be paid on September 14. Both are fully franked.

Chief executive Donald McGurk said the strong results were driven by sales of its Minelab gold detector in Africa.

"We continue to enter new markets and develop worldclass, robust technology for our customers across more than 150 countries," he said, adding that the focus now was on increasing its earnings base to diversify the business and reduce volatility.

New initiatives included the agreement with global giant Caterpillar to integrate Codan's Minetec products into an expanded Caterpillar Minestar solution for underground mines.

Mr McGurk said the company was confident its basebusiness sales revenue figures had now increased to "\$180 million – \$200 million, delivering net profit after tax of \$25 million, and \$30 million, a 20 per cent increase".

The company had a net cash position of \$28 million at the end of June.

Revenue in its US-focused radio communications business fell to \$56.5 million after the group missed out on delivering some large high-frequency radio projects before the year end.

Codan's Land Mobile Radios sales were also affected by a slowdown in US government spending.

But the division has a strong order book entering FY19, which the company said positioned it well for the future.

It was also yet to win any significant orders for its defence electronics business and did not plan for any significant revenue in the current financial year. A further business update will be provided at the annual meeting in October. Codan shares closed were trading nearly 8 per cent higher at \$3.28.