

Codan shareholders strike gold on ASX

CAMERON ENGLAND



FINDING VALUE: Codan managing director Donald McGurk with a GPZ 7000 gold detector.

CODAN shares hit a 12-month high yesterday after the South Australian technology manufacturer was added to the ASX300 index in the latest reshuffle.

The Mawson Lakes firm had a strong financial year, delivering a record after-tax profit of \$45.7 million, up 18 per cent, and paid its second special dividend for the year.

Consistent gold-detector sales into Africa, strong growth in the sales of recreational metal detectors and a successful transition into systems and solutions in its communications business helped deliver the record profit, chief executive Donald McGurk said at the time of the profit announcement.

The shares touched \$4.96 yesterday, up from a low of \$2.74 last October. The company is now valued at \$840 million, with the shares closing up 3 per cent at \$4.81.

In other moves, shares in Afterpay Touch rival Zip Co surged more than 7 per cent to an all-time-high in early trade after the company announced it had acquired trans-Tasman SME lending business Spotcap ANZ.

Zip was also added to the ASX300 as part of S&P's quarterly rebalance.

Zip said the acquisition would give it an accelerated strategy for the recently announced Zip Biz buy now, pay later product in both Australia and New Zealand.

Zip shares have lifted significantly this year, from about \$1.08 in January to a record high of \$4.17 yesterday morning, though they dropped back to close 2c higher to \$3.91.

"Extending our consumer buy-now, pay-later product offering into the SME space is a natural evolution for Zip," chief executive Larry Diamond said.

"The strategic acquisition of Spotcap will fast-track the delivery of this product using a proven origination platform that is live in the Australian and New Zealand markets."

Recent strength in the company's share price comes after it announced it had acquired Auckland-based provider PartPay, giving it a significant footprint in Britain, the US, New Zealand and South Africa.

Last month, Zip revealed it had halved its loss in the 2019 financial year as revenue more than doubled to \$84.2 million.

Other major moves in the latest S&P quarterly rebalance included health insurer NIB entering the ASX100, replacing Pental Group which was booted.

Dreamworld owner Ardent Leisure was removed from ASX200, along with Priceline owner Australian Pharmaceutical Industries, Pact Group and Sigma Healthcare.

Australia's biggest KFC franchisee, Collins Foods, was added to the ASX200, along with biotech company Polynovo and gold miners Gold Road Resources and Silver Lake Resources.

Fellow Adelaide company SeaLink was removed from the ASX300.