

# Codan strikes rich vein after 'near-death experience'

"We've now opened offices in India, Mexico and Brazil, to complement Dubai."

Mr McGurk said having its own shopfronts meant Codan cut out the distributors' 20 per cent take.

The company was also trying to "significantly increase our mass-market retail footprint".

No longer just the preserve of high-end fossickers willing to pay thousands for professional-level detectors, MineLab now makes products from entry level through to those selling for almost \$10,000.

"If you look at Anaconda in Australia, we fought for 18 months to get products into them and they wouldn't have a bar of it," Mr McGurk said.

Anaconda "eventually indulged us" and the detectors, priced from \$159-\$1039 at the mainstream retailer, have been flying off the shelves, Mr McGurk said.

Shows such as *The Detectorists*, starring and also written and directed by Mackenzie Crook, who was Gareth in *The Office*, have also captured people's imaginations.

Crook's character, Lance, uses a MineLab CTX 3030, and there are other MineLab products used on the show also. Four years ago, if you'd asked him about the company's gold detecting business, Mr McGurk said he would have spoken about Sudan, Guinea and Mali,

"And you'd have formed a view on the attractiveness of our stock based on how I answered those questions," he said. "These days, we've now got 25 markets that are equally as big, so it's a much less risky revenue prediction than it used to be and I think investors are starting to twig on to that."

The company has recently made its first substantial acquisition since the MineLab purchase, agreeing to pay \$US88m for Domo Tactical Communications, with an additional payment of \$US16m should earnout targets be met this calendar year.

DTC supplies "mesh network" technology which can establish resilient, self-forming and self-healing networks – such as those used by military special forces teams to

communicate with their home base

– and is also a trusted supplier to the “Five Eyes” intelligence communities.

“Essentially, it’s the technology behind bodycam. When you see Seal Team 6 go in and take out Bin Laden in Pakistan, and Barack Obama sitting in the White House office watching it live, this company that we bought produced the technology that enables that livestream video,” Mr McGurk said.

“It sets up its own networks; it doesn’t need satellites or anything, so it’s pretty cool.

“If we can get someone in like us who can make further investments and take it to the developing world first, this could be awesome for us.”

On the profit front, Codan recently delivered a half-year profit of \$41.3m, up from \$30.4m for the corresponding period the previous year.

MineLab sales increased by more than 50 per cent, and the company’s “excellent” cash generation was allowing it to build inventories, which translated into savings in areas such as shipping, where sea freight could then be substituted for air freight and also insulates against potential pandemic-related manufacturing issues.

In January, metal detector sales hit a record high, but Codan resisted putting out profit guidance, despite that being traditionally stronger.

But it’s fair to say that since the near-death experience almost a decade ago, shareholders, including Mr McGurk have certainly struck gold, with shares trading at around \$14.